

**REVIEW OF THE CONSERVATION TITLE
OF THE FARM SECURITY AND RURAL
INVESTMENT ACT**

HEARING
BEFORE THE
SUBCOMMITTEE ON CONSERVATION, CREDIT,
RURAL DEVELOPMENT, AND RESEARCH
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
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REVIEW OF THE CONSERVATION TITLE OF THE FARM SECURITY AND RURAL INVEST- MENT ACT

WEDNESDAY, JUNE 4, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION, CREDIT,
RURAL DEVELOPMENT, AND RESEARCH
COMMITTEE ON AGRICULTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:03 a.m., in room 1300 of the Longworth House Office Building, Hon. Frank D. Lucas (chairman of the subcommittee) presiding.

Present: Representatives Moran, Osborne, Putnam, Burns, Rogers, Holden, Case, Ballance, Peterson, Etheridge and Stenholm.

Staff present: Ryan Weston, subcommittee staff director; Dave Ebersole, Alan Mackey, Anne Hazlett, Callista Gingrich, clerk; Kellie Rogers, Elyse Bauer, Jon Hixson, Claire Folbre, and Anne Simmons.

OPENING STATEMENT OF HON. FRANK D. LUCAS, A REP- RESENTATIVE IN CONGRESS FROM THE STATE OF OKLA- HOMA

Mr. LUCAS. This hearing of the Subcommittee on Conservation, Credit, Rural Development and Research to review conservation technical assistance and the implementation of the Conservation Title of the 2002 farm bill will come to order.

I'm very pleased that we're here today to have a hearing on one of the very most important topics I can think of. It is hard to believe that it has been 1 year since the farm bill was signed into law. The 80 percent increase in conservation spending provided last year is a fantastic feat for which I thank all of the subcommittee members, Members of Congress, and the conservation supporters out there. You should all be extremely proud. However, we cannot rest on our laurels. The time has come for the subcommittee to become active and aggressive in its oversight responsibilities. The implementation process has proven that not everyone can agree on congressional intent, or on the meaning of certain provisions in the law.

It up to this subcommittee to keep the implementation process on track. Another famous Oklahoman who I'm extremely fond of quoting, Will Rogers, once pointed out that "Memories are what you get when you put down the good things you ought to have done, and you leave out the bad things you did do."

I want this subcommittee's legislative history to show that we did do what we ought to have done, and we will make sure that the implementation process is fair and equitable.

USDA has taken enormous steps to implement all 10 farm bill titles. Employees in the local and State offices and here in Washington have been putting in many hours to get the rules and regulations written, and to get the necessary training out of the way so that producers can sign up for all of the programs.

Today's hearing will focus on two main issues: technical assistance for farm bill conservation programs and implementation of the Conservation Title.

I have asked all of the witnesses other than the Department to answer three questions in their testimony:

(1) Is the current funding for technical assistance sound and equitable?

(2) If not, what would you propose as a solution to the funding system?

(3) Does your solution result in a score for the agricultural baseline?

I think that I would be remiss if I did not point out that every piece of testimony we received in advance for today concluded that the current technical funding is not equitable.

The farm bill made it quite clear that the Commodity Credit Corporation should be used to fund technical assistance for USDA conservation programs. CCC is not an endless supply of free money. The Congressional Budget Office score for the farm bill accounted for technical assistance for all programs from both CCC and appropriated funds.

After the farm bill was signed into law, it did not take long for legal opinions and legislative language to start changing the intent of the 2002 farm bill. OMB and GAO could not agree on where funds for technical assistance should or even could be expended. The most aggravating factor, and I say this with the greatest of caution and thought, the most aggravating factor is that of all the Department lawyers and the Member and staff meetings during the conference negotiations on the farm bill, I was not aware of any concerns regarding technical assistance language being raised by the Department during those meetings. And I would note that either my good friends at USDA perhaps were not paying sufficient attention to the language when it was being developed, or maybe we need to have a course in communication between the attorneys at USDA and OMB so that they can communicate with one another regarding how legislative language should be interpreted.

Legislative language was included in this year's omnibus appropriation bill that prohibited USDA from using appropriated accounts for technical assistance for farm bill programs. Then the supplemental bill included language that prevented the Conservation Security Program, CSP, from paying for technical assistance for conservation programs other than itself.

The combination of legislative changes from Congress and differing legal opinions created a terrible situation. When USDA went forward with CRP and WRP signups, the working land programs such as EQIP and Farmland Protection and GRP and the Wildlife

Habitat Incentives programs were forced to pay for the technical assistance to implement CRP and WRP.

This decision resulted in 15.5 percent, or \$107 million of EQIP being taken out of the EQIP program to pay for technical assistance costs for CRP and WRP and other programs. Literally 27.5 percent of farmland protection money, 17.2 percent of GRP, 28.7 percent of the WHIP funds were shuffled around—or are shuffled around, I should say, to provide technical assistance to other USDA programs.

CRP and WRP are not paying one cent of their own or other programs' technical assistance provided by the Natural Resources Conservation Service.

All conservation programs should be implemented this year, but not if some programs have to donate their funds to other programs' technical assistance. CRP and WRP are acreage programs that will not lose funding if they are not implemented this year. But the other working lands programs do have yearly dollar amounts that need to be expended.

We need to correct this problem, and while this situation was created by numerous events, it is up to Congress and the administration to get it fixed, before millions of dollars are redirected at the expense of four programs. This idea Mr. Holden and I have come up with in the form of H.R. 1907 is very simple. Programs can only pay for the technical assistance costs associated for their specific program costs. In other words, EQIP could only pay for EQIP technical assistance, Farmland Protection only for Farmland Protection technical assistance, and so forth. We both feel that it will be important to include WHIP in any final version of our bill. As I mentioned before, the Senate has already walled off CSP. Therefore, there should not be an objection to walling off the other working lands programs too.

This hearing is also the subcommittee's opportunity to determine how well the implementation process is going for all of USDA's conservation programs.

I look forward to the Department's update on the rules regarding EQIP, and GRP, and CSP. And I would note that EQIP is a program vitally important to my home State of Oklahoma. It provides farmers and ranchers the opportunity to address the most pressing needs placed upon them by environmental regulation.

The Grasslands Reserve Program may be the newest, and yes, I would hope the best chance, to ease pressure on CRP enrollments and to prevent grasslands from turning into farmland or housing developments. And The Small Watersheds Program, the WHIP Program and CSP also garner a great deal of interest I think among all the subcommittee members, and I do look forward to today's hearing. And with that, I turn to my ranking member, Mr. Holden for whatever comments that he may have.

OPENING STATEMENT OF HON. TIM HOLDEN, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. HOLDEN. Thank you, Mr. Chairman, for holding this very important hearing. All of us worked very hard during last year's farm

bill to secure conservation funding, and we need to make sure both programs are implemented and funded as we intended.

The Conservation Title of the 2002 farm bill dedicated over \$17 billion for conservation, an increase of 80 percent. We funded the most significant programs in order to preserve farmland and to improve water quality and soil conservation on working lands. We addressed environmental concerns and sought to make conservation a cornerstone of agriculture for producers in all regions.

It is unfortunate we are now witnessing a decrease in financial assistance for key programs we worked very hard for. During the farm bill debate, one of the major issues discussed was regional inequity of farm bill programs.

As a Member from Pennsylvania in the Northeast, most farmers in the region do not benefit from traditional agricultural programs. They simply do not grow traditional crops. Conservation programs offered them a way to stay in farming. The substantial increase in EQIP and Farmland Protection was a signal to those regions that as we approach this turning point in agriculture, we are not going to relive the unfair practices of past programs. Yet here we are again as it currently stands, major parts of the country are in the position where they will not see money pledged to them by authorizations in the farm bill.

A major factor in this inequity revolves around the issue of how to fund technical assistance for conservation programs. Our intent was to allow for farm bill programs to pay for themselves. However, due to different interpretations of the law and congressional rewriting, we are now in a situation in which major programs are paying for others. EQIP will decrease by 15 percent, Farmland Protection by 27.5 percent, WHIP by 28.7 percent, and Grassland Reserves by 17.2 percent. Pennsylvania alone stands to lose approximately \$3.6 million from those decreases in EQIP and Farmland Protection.

We must make sure implementation reflects intent. It was never our intent to have key conservation programs act as donors for others. We need to correct this problem as soon as possible.

I hope the groups representative can help us find a fair and equitable solution, and I look forward to hearing about the progress we are making on other programs.

Again, Mr. Chairman, thank you for conducting this very important hearing.

Mr. LUCAS. The Chair thanks the ranking member for his insights and his statement, and all of his effort on this mightily important project.

Are there other opening statements from Members? Seeing none, the Chair now turns to the first panel, and I would like to invite the Honorable Jim Moseley, Deputy Secretary of Agriculture, U.S. Department of Agriculture to offer his insights and opening comments. Mr. Deputy Secretary.

STATEMENT OF JAMES R. MOSELEY, DEPUTY SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

Mr. MOSELEY. Thank you, Mr. Chairman. I would first of all like to submit my written statement for the record.

Mr. LUCAS. So ordered.

Mr. MOSELEY. Thank you.

I also want to acknowledge Jim Little, who is the Administrator of Farm Service Agency, and Bruce Knight, who is the Chief of the NRCS, who is with me here today, and I know we are going to get into a number of technical questions. And these gentleman have been on the front line every step of the way in the implementation of this farm bill, and so we are looking forward to them helping us with many of these technical questions.

It is a pleasure to be here with you today in front of your committee to highlight and improve the Department's performance in the implementation of the conservation provisions of the 2002 farm bill.

We all understand the significant change that the 2002 farm bill had on conservation efforts in this country. I frequently stated in my remarks to others that we needed to fully understand the responsibility that we have now as a Department in doing it right, or the opportunity that will have been lost if we do it wrong.

Quite frankly, doing it wrong is not an option. The burden of those mistakes would weigh on our shoulders for many years into the future. None of us expect nor would we tolerate a diminished effort to carryout the landmark provisions that that piece of legislation brought forward.

Clearly over the past several farm bill iterations since 1985 we have seen improved opportunity in conservation efforts. And as a farmer myself, and one that was around here as a member of the team at USDA when 1990 farm bill was passed, I recall very clearly the expectation that piece of legislation had in terms of improving conservation in this country. But even as good as that was, it did not come close to what was possible in the 2002 legislation.

I think predominately, because we have finally included the entire landscape that farmers work with, by including the working lands and livestock operations of this country in the conservation equation, that was a monumental step forward for those of us and production agriculture who intuitively knew that the opportunity for improvement had to rest there as well, in balance with other programs like CRP and Wetlands Reserve, if we were going to complete the conservation picture across the landscape.

To the credit of Congress, the 2002 farm bill did not disappoint us in that regard. But we come to this moment of high expectations with somewhat of a challenge. The resource needs are identified, the conservation targets and objectives have been determined. The Agency and the Department along with those of the constituency that we serve on the land are ready; are willing to begin.

We have identified a new issue; how to pay for technical assistance for implementation that is necessary to meet those needs and expectations. That has become a question that has caused a lot of consternation, and it is a challenge, as you know, for the Department.

Allow me to spend just a little bit of time and offer some history and an explanation. In the 1996 farm bill, conservation programs that had traditionally been funded in USDA's discretionary accounts became funded in the CCC mandatory accounts instead. In addition, a cap was placed on the amount of funds that could be

spent under those mandatory accounts. We were limited at the 1995 spending level, or about \$36 million.

That cap soon proved to be too limiting, and it was subsequently raised to 56 million. Now this was the pool of money that was available for the administration of several conservation programs, but predominantly for technical assistance of the mandated farm bill related programs.

It was subsequently recognized to be a limiting factor as we moved through administering the 1996 Conservation Title, and the Congress attempted to address the issue in 2002 legislation, and they believed that they did. However, the language as you pointed out, Mr. Chairman, was subject to legal interpretation.

GAO determined that the section 11 cap no longer applied and technical assistance could be funded from mandatory funds, in other words, from the CCC.

However, the Department of Justice considered the language on behalf of OMB and the Department and determined it did apply, and that only existing discretionary fund authorities could be used. For the Department, the final word had to be the DOJ ruling, just like the parliamentarian is the final rule for Congress.

At that point, the Department was faced with funding. The technical assistance from discretionary budgets until the 2003 appropriations bill, which addressed and reversed the legal findings of DOJ. But then it forced all of the technical assistance into four specific accounts; EQIP, GRP, WHIP, Farmland and Ranchlands Protection. Unfortunately, the largest program and account was the newly authorized levels of spending for EQIP, and it potentially bore the heaviest burden to pay for these other programs.

This then sets the stage for where we find ourselves today; providing funding for all conservation programs authorized in the farm bill, from just those four programs, one of which, is the very popular EQIP Program, that has a heavy demand from the farm population out there that it serves.

In response to that challenge, the President's 2004 Budget approaches this issue by establishing a dedicated technical assistance account specifically for farm bill implementation only, though we recognize that Budget must make its way through the appropriations process.

We attempted this same methodology in 2003, and we were unsuccessful. The bottom line is that I think that everyone here can identify the challenge, and I think we can all agree on the need for some clarity on this issue.

And our goal, Mr. Chairman, today is to work with you and the members of this committee to try and find that clarity. It is in the interest of farmers, ranchers, landowners that we all come forward to resolve the better way to accomplish the objective of getting as much conservation as possible on the land as what the public dollar will permit.

We are looking for every possible way to accomplish this including streamlining our administrative process in FSA and NRCS, using the best available information technologies, and bringing in line a array of third party technical service providers to assist us in delivering the conservation objectives of the 2002 bill.

For example, in the current fiscal year, we believe we will be able to show a 3 percent reduction in technical assistance and EQIP due to measures being implemented currently. But I think it is an important point to make; we are on a journey and we have not arrived yet at the destination. I firmly believe that more is possible.

So, Mr. Chairman, we thank you again for calling this hearing and giving us the opportunity to present the existing challenges we have in terms of getting conservation on the ground. Challenges are simply opportunities and we're close and we are ready to work with you, because we know we can all do better at this than what we currently are. I know that you and I share common objectives of making sure that this is done well and responsibly, and as cost effective as possible.

So again, we thank you for the opportunity to be here, and look forward to trying to address the questions that you may have. Thank you.

Mr. LUCAS. Thank you, Mr. Secretary, and you are so clearly right. In the 2002 farm bill, conservation, those of us in this room who care about preserving the natural resources of this great Nation, prevailed in a way above and beyond anyone's expectations. But alas, that was one of the battles in the long war. And the question of how to implement, how to move forward in the most expeditious fashion, is what we face today.

Clearly, I personally support efforts to modernize the Department in its delivery of services. It is not the world of slide rulers and hand held transits of 1935 anymore, mimeograph machines and multiple copies of paperwork, and we need to do everything we can to facilitate the efficient delivery of those services in the most cost effective fashion.

But I would note that from my perspective of working on this issue with my colleagues on the committee for a good long time that I am painfully aware of the challenges you face, the language and the omnibus appropriations bill and the supplemental; all of those extra burdens and challenges placed upon you. But I must ask, of course, while those two bills allowed USDA to go forward with CRP and WRP signups, as I understood the language, it didn't require that that be the case.

My first question is these programs would not lose money in this year because they are acreage based, not dollar based, if they are not immediately implemented. Would it not be better to slow down to stop that process until we can sort out the technical assistance issues? If we go forward, money that is diverted from these other programs, for instance, to implement the CRP and WRP signup, would be money lost to those programs since they're dollar based.

Why did USDA decide to go forth with CRP and WRP signups before trying to work with us to create a permanent fix to this technical assistance funding problem?

Mr. MOSELEY. Well, Mr. Chairman, I think that is a fair question, and it is one in which we did not limit ourselves in deliberation about this particular issue. But we wanted to go forward, as we pointed out, with a comprehensive approach to conservation, and we now have, of course, the working lands component, and we are very, very committed. I think that is a significant step forward.

But we have to look at the entire plate, if you will, of conservation programs. And there was a significant interest out there to engage and enroll individuals in a CRP Program for this fiscal year. We also have a number of CRP contracts that are going to come up for renewal, and we wanted to give those people out there an opportunity to be able to accomplish that. And so it was, I think, the collective thought and consensus of the two gentleman sitting on either side of me who sent forward I'm sure a decision memo and made recommendations that we move forward. And it was in that consensus spirit that the Secretary considered all of these issues, and decided that it was important indeed for us to move forward. And we recognize the challenge that that creates in terms of the potential loss, and I think the number is something around \$30 million for this CRP signup and technical assistance.

That clearly is going to come out of those four programs. But it was a matter of trying to bring forward a very balanced approach to conservation. I have to say that we are not certain when this issue is going to be resolved and taken care of. And so, as we looked at all of the evidence, it seemed important for us to move ahead with the CRP signup before the end of this fiscal year.

Mr. LUCAS. As I understand the funds and the programs in the effort, even if we were not going forward with a general CRP signup, wouldn't continuous and the CRP acres programs accepting enrollment process, wouldn't that burn up a substantial portion of that money anyway?

Mr. MOSELEY. Yes, and I may have to turn to Bruce to help me on this particular issue, but my sense is that those existing CRP contracts that are coming up for renewal would not fit into that category. Jim, do you want to help us on that?

Mr. LITTLE. The continuous signup would require a good bit of the technical assistance. It is probably about half of what the regular general signup would cost, but yes, there are substantial costs related to the continuous and the CRP because they require a lot more extensive plans on behalf of the NRCS to develop those plans.

Mr. LUCAS. Two quick questions and I will turn to my colleagues. Number 1, how many acres of general CRP do you envision enrolling this year if you move forward?

Mr. MOSELEY. The number I have heard is \$2.8 million.

Mr. LITTLE. We have \$2.8 million budgeted for it, but that does not mean we will accept the full \$2.8 million acres. The final decision would be made by the Secretary, based on the environmental benefits to the cost, and there is no determination then as to how much we will actually accept.

Mr. LUCAS. One last question. And on a couple of occasions in the last decade, haven't we done temporary one year extensions, when issues were uncertain on funding or program availability? Don't we have a track record of doing that temporary one year extension?

Mr. LITTLE. Yes, we did, but I believe that that was legislated, and we did not have that authority for this year.

Mr. LUCAS. We may improve H.R. 1907.

I now turn to Mr. Holden.

Mr. HOLDEN. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for your testimony and your pledge to work with us

through this problem that we are facing with the technical assistance.

I understand that the conservation operations account has been used in the past for some technical assistance. Since we now have a prohibition on using that account, how do you intend to expend the \$119 million that has been allocated?

Mr. MOSELEY. It is related to how we take a look at the conservation operations historically, and the amount that has been considered in the past that would normally go into what we would define as farm bill implementation. Bruce?

Mr. KNIGHT. With every one of our programs, including the CTA accounts, we have a backlog of work to be done. When we had the prohibition and the fire wall now that prevents us from utilizing as much of the CTA account for farm bill delivery as the administration position would advocate, that then puts the other work in the CTA account that is in the backlog higher up into the workload analysis, and that work then starts getting done. And that was a step that would not have been done, had we been able to take it and utilize it for the farm bill accounts. So in Pennsylvania, you would see more work on planning that is associated with non-farm bill work, more work with the community development work in Pennsylvania. Those are the kinds of things that are done through the CTA account, the planning that are not associated directly with the farm bill cost share programs.

Mr. HOLDEN. OK, thank you. And how is the Department implementing the regional equity language in the farm bill, the minimum \$12 million for each State?

Mr. KNIGHT. This has been one of the more challenging provisions to implement in the farm bill. The language, as I recall, stated that we were to look at each of the States if it received less than \$12 million historically and provide priority funding for them early in the fiscal year. Then look again at the amount of money they had in those allocations and how that had been invested by April 1, and if it wasn't going to be utilized and spent, then sweep that back and allocate it to the other States. Unfortunately, due to how late the budget circumstances and appropriations worked out this year, we were past the April 1 deadline for putting it out, sweeping back before we could even begin to get into implementation.

We have been working very carefully on the regional equity issue to ensure that our program implementation, the allocations that we use for each of the programs, fully take into account the criticisms and concerns that have been raised, that they may have previously been inordinately biased towards traditional commodities versus minor crops, and be able to find that full balance. And we are taking that into consideration. We will continue to take that into consideration as we move ahead with program implementation.

One of the other challenges that really made regional equity very difficult is that it is tied directly to the technical assistance issue that we find here today. The way the language was written, regional equity focuses on the same four programs that are now the donor programs for technical assistance. So as there were fewer dollars to allocate from those donor programs, that in turn meant fewer dollars to go out to those States that were expecting greater allocation, due to regional equity. Thank you.

Mr. HOLDEN. One last question, Mr. Chairman, that the Pennsylvania Secretary of Agriculture asked me to raise here this morning. In Pennsylvania, CRP has not been very successful, but the CRP program has been very popular. Governor Rendell is proposing to expand CRP to the Ohio River Basin and add 16 counties and 65,000 acres through the CRP Program. Will FSA support this effort, and can we just amend the current agreement that we have?

Mr. LITTLE. We would be more than willing to work with the State of Pennsylvania on any CRP agreement, whether we would extend what we have got, we would be able, I believe, to expand it to include the additional 16, as long as it is within the existing parameters. If we had to create another agreement, we could do that as well. But we would be more than willing to work with the State.

Mr. HOLDEN. OK. Thank you. I yield back, Mr. Chairman.

Mr. LUCAS. The Chair now turns to the gentleman from Minnesota, Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman, and thank you for calling this hearing, I think. I have got a couple of questions, but I just want to raise one thing. I brought this up before, but you folks are new and I don't think I brought it up to you.

These contracts that are expiring in some areas where I have been out and actually seen the situation, we are requiring them to plow down their existing habitat and plant different varieties in order to get the maximum number of points. And in some cases we are plowing down perfectly good CRP, it doesn't have any weeds and is some of the best stuff I have ever seen, and we are requiring them to plant varieties that are I guess politically correct or whatever that won't grow in that area. And we are actually making a worse situation. And I have talked to your predecessors about maybe trying to give the local people some kind of discretion in dealing with that, because we are not really serving conservation and wildlife in some of these limited areas. And I just would hope that you would take a look at that because there is still some problems out there.

I am trying to figure out how this is all going to work. Apparently the way you put this forward is that you have just taken 15 percent out of every program, and that is how you allocated the money or something. In order to fund what you asked for in the budget this year?

Mr. KNIGHT. Roughly, you do. Sir, you do take 15 percent out of each of the accounts, as well as a portion of the funds from the conservation technical assistance account in order to be able to resolve this issue.

Mr. PETERSON. My question is these programs have a lot different complexity in terms of technical assistance, so it would seem to me that some of these programs are going to use a lot more technical assistance than others. So why are you taking 15 percent across the board? It just seems to me you are not allocating it. If that is all we are going to do, that doesn't seem to have any logic to me. I don't know. What is the reasoning behind that?

Mr. MOSELEY. Well, the suggestion I think you are making is that, for example, EQIP tends to run a little bit higher in terms of its technical assistance support than some of the other programs.

And so the question is how would you vary that from 15 percent? Because you have EQIP taking a higher TA, do you raise the percent that is taken from EQIP because it has that, or do you actually reduce the amount that is taken from EQIP because it does have a higher percent? And you try to provide that balance, and I can't answer the question specifically for the Chief, in terms of the rationale. But I do think that it is a question that we would have to spend a fair amount of time thinking through, about what is the best alternative here if you don't use across the board 15 percent and would need some guidance on that.

Mr. PETERSON. Well, and if this did go through and it was successful, does that mean that the CRP has 15 percent less acres that can be enrolled? Is that the affect of it, or how does that work?

Mr. KNIGHT. The administration proposal that was offered for 2003 and is included in the 2004 budget analysis does not use a percentage decrease for either WRP or CRP. And that is one of the things that is very much in keeping with the issue that the chairman has been raising, about how do we find a way to make sure each program pays its fair share.

Mr. PETERSON. OK. So the 15 percent is not coming out of CRP or WRP?

Mr. KNIGHT. No, sir.

Mr. PETERSON. OK, I misunderstood. I was just reading this one part of your testimony. And that is because the Department of Justice said you can't do this, or—

Mr. KNIGHT. Sir, that had more to do with the challenges of how you offered a proposal, getting around the acreage, the uniqueness of those programs being an acreage-capped enrollment versus a dollar enrollment.

Mr. PETERSON. The House bill at one point had a pot of money for technical assistance. I don't know if you are aware of that. And it was taken out because some groups opposed it that now apparently are for it. I just wanted to say that I think we had an opportunity to try to fix this, at least we tried, as the chairman said, a lot of people didn't really step up at that point and deal with it. And now we are in this situation, so hopefully, we will come up with a solution that will be fair and supported by everybody.

Mr. LUCAS. Fair and equitable, Mr. Peterson.

The Chair will now turn to the gentleman from North Carolina, Mr. Ballance.

Mr. BALLANCE. I want to yield to my ranking member, but I will go ahead. I do have one question. It is a little bit technical. Mr. Moseley, the North Carolina Department of Agriculture is now trying to get matching funds from the State for farmers who enroll in the Farmland Protection Program. The USDA took \$27,591,000 from the Farmland Protection Program and redirected it elsewhere. Of course, I believe those people who received that were the programs all over the country. The fact is, the money comes from the FPP represents a double hit for farmers in North Carolina. And what I want to know is what criteria were used by USDA when that decision was made to take those funds?

Mr. MOSELEY. Well, I think what you are suggesting here is the reason why we are in this hearing today. This was caught up in this issue of more programs supporting the funding for all of these

other conservation programs. And as Chief Knight has pointed out, the decision was made to split that evenly amongst the four programs in terms of percentage. And yes, it is a reduction in each of those four programs in terms of what is available out there to producers, and that is our concern. Our answer to that is to look at each of these programs, and as we have presented in the 2004 budget proposal, to assess each program of conservation in terms of the technical assistance required. So we get to a solution on this, I think we should fix the issue that you are raising, if I understand the question correctly.

Mr. KNIGHT. Excuse me. If I could expand a little bit on the Deputy's statement, we had a real quandary in determining how to make those allocations this year, given the fact that we had four donor programs. We had first tried to do an equal formula, taking off of each of them. That would not come up with enough money without having taken some of the programs actually below the levels that were authorized or allocated the year previously. So we had to use what were the best estimates of how to make sure that you didn't take any of the programs below their previous accounts, recognizing full well that we were going to be leaving people disappointed with each of those four programs. And so you see a difference in the percentage if you compare by percentage, and that is always a dangerous comparison, but you see a different percentage comparison when you compare Farm and Ranchland Protection programs to WHIP to Grasslands Reserve, as well as EQIP.

Mr. MOSELEY. Let it be noted the Deputy can always be corrected.

Mr. BALLANCE. Just one follow-up, Mr. Chairman. Of course, if I am out talking to my farmers who may feel like they got hit a little bit, do you have a recommendation what I can tell them, how they are going to get fixed?

Mr. MOSELEY. Well, one of the solutions is, as we move through this fiscal year as we see some extra funding that is available as a result of not spending it in technical assistance, is to sweep those accounts, and put that back in the pot or the pool of money available and try to address that issue for 2003 in that manner. But I think the thing that we are here today about and what we are really looking forward to is a better and longer term solution to this whole question. And more in line with, quite frankly, the solution that has been brought forward here by the administration's proposal for the 2004 budget.

Mr. LUCAS. The gentleman's time has expired. The Chair turns to the gentleman from Kansas, Mr. Moran.

Mr. MORAN. Mr. Chairman, thank you very much. Secretary Moseley, thank you very much for being here. I particularly appreciate the extension of the CRP signup, very much a Kansas Farm Bureau and Pheasants Forever issue at home and appreciate the extension from May 30 to June 13.

A series of questions until I run out of time, some of which we have talked to you about, or most we have talked to you about and expressed a willingness to work to address. One of the most common questions asked when I am in the district or on the phone is after folks have been to the FSA offices, a concern about signup of CRP acres that were in the program prior to 2000, and then re-

mained in grass after that. Apparently you are not considering that a conservation use, and that doesn't make a lot of sense to me, and I wondered if there is a solution or if there is a reason it should make sense to me?

Mr. MOSELEY. Well, quite frankly, I think that is a good question. I am going to turn to my left and listen to this answer very carefully.

Mr. LITTLE. This is an issue that we have just realized is it does put a lot of farmers into a predicament, and it is one that we recognize is an issue, particularly for those contracts who just recently expired prior to 2000. We have been meeting with both the House and the Senate staffs in trying to really understand the issue completely, and we are working through the process internally to determine if there is any action that we can take. But we are aware of it, we are working with the staff to try to see what can be done.

Mr. MORAN. It actually seems to me that this is behavior we ought to reward not penalize. People who participated in the CRP Program, left their land and grass after it is not re-enrolled, and now come back to re-enroll and are told that that is not a conservation practice, which obviously was at one time and should be, it seems to me, today. Reminder that if you make changes, which I hope you do, you got a deadline, a signup deadline issue as well for those individual landowners.

Another CRP issue dealing with coming out of the CRP Program and base acres being maintained, the question I think arises for CRP that was enrolled from 1996 to 2001, which will come out during this farm bill, are farmers are being told that they will lose their base acres.

Mr. MOSELEY. It was my understanding that that had been addressed and that that was not the case, but I am going to have to turn to Jim.

Mr. MORAN. What we have been told by our farmers is that if they maintain their base or payment acres on land enrolled in CRP that are on contracts that are set to expire, and some of the land has been in the program for 12 years. During that same visit, they are told that if they enroll the land during the 1996 to 2001 period, the base history of that land will be lost when the contract expires.

Mr. LITTLE. Our intention is that those acres would not lose their base. What we have been telling producers is that if they sign up under this new program, we have no guarantee on what the next farm bill might have in store. So any base that expires between now and 2007, we would maintain that base. But we can't guarantee what the new farm bill is going to look like, so we cannot guarantee any base beyond that.

Mr. MORAN. I will explore this with you further. Another CRP issue, incidental grazing. Apparently we can graze, and I think Mr. Johnson has indicated a willingness to work with us on this issue. But you will allow grazing, incidental grazing of post-harvest crops, the stocks. But if we are grazing our wheat and there is incidental grazing of the grass terraces under continuous CRP signup, that is a violation. It seems to me, we ought to be able to make the grazing of wheat treated similarly to the grazing of corn stocks.

Mr. MOSELEY. Right.

Mr. MORAN. Does that make sense?

Mr. MOSELEY. Yes, sir. That is an issue that just recently has been brought to our attention, and we are going to take a look at it to see if we can provide relief for those winter seeded crops.

Mr. MORAN. Grassland Reserve Program that Mr. Knight has been cooperating and trying to be helpful with us, is this program going to be available nationwide? How will the funds be distributed, and is the signup still scheduled for June 16?

Mr. MOSELEY. We are going to go nationwide. As you indicated, the Chief and Administrator have been working on this program for some time. We have taken a lot of comments, a lot of questions from the outside, and we have been working very closely with those individuals to make sure that we get this program exactly as it needs to be to serve the need that is out there. It will be, when it is released, a nationwide program. I don't know that the signup date is locked in yet. Is that correct, Bruce?

Mr. KNIGHT. It is. The signup date has not been finalized.

Mr. MOSELEY. But I can assure you that we are working as diligently as we can to make sure that that particular program is out there, because we realize that there is a significant amount of interest on behalf of those who may participate in that program in it, so we want to make sure that it is there and available for them as soon as we can possibly get it there. So we want to do it, but we want to get it right. And that is the issue here, and I think we are to a point where we are there.

Mr. MORAN. I appreciate that. We look forward to working with you, as we try to explain what we think right is. And I appreciate the effort that you all have made in implementing a number of conservation programs. When Under Secretary Penn was here, I complimented him on the efforts in the farm bill and its implementation, and I appreciate the efforts that you and the staff across the country are making, and we look forward to working with you. Thank you for your testimony today.

Mr. MOSELEY. Thank you.

Mr. LUCAS. The Chair now turns to the gentleman from Hawaii, Mr. Case.

Mr. CASE. Thank you, Mr. Chairman. Thank you, Mr. Secretary. I represent the rural areas of Hawaii, all of the agriculture in Hawaii. And our concerns tend to focus very much on regional equity. I am looking at what I understand at least to be the allocations, noting that the allocations for Hawaii are somewhere in the range of \$3 million total, if I am not mistaken, if my information is correct. And that it is in the face of what I understand to be a fair number of unfunded applications from the prior year, as well as in specific areas such as Wildlife Habitat, where I think we have one of the largest unfunded application acreage-wise of the entire country, which reflects the fact that we have a significant endangered species problems and we certainly have the same endangered farmlands as the rest of the country. What explains that allocation, or allocations of similar States, that are significantly kind of below the median, even when you take into account acreage and devotion of portions of the State, the farmland? And then let me just throw it all on the table for you.

Farmland, ranchland actually has no allocation. And there's about seven locations that don't have any allocations, zero allocation for

2003. What explains that? I don't think that is a matter of no applications, but it is, I guess I would like to know it. And then finally, is one of the possible explanations just outreach, just advising people of the availability of the programs, or is it your feeling that you are doing everything you can and should be doing to get the word out about these programs? And is that in any way related to really the primary subject of the hearing, the technical assistance programs?

Mr. MOSELEY. Let me respond to that to start with, and then I am going to have Bruce explain the process, I think there is 30-some factors or so that goes into the decisions that are made there. And I think it is a very objective process, and it was designed to be objective.

First of all, I have been in your fair State and realized—have been on the ground and met with some of your producers, and I do realize the significant resource issues that are there. And so I understand the concern that you share with us today about trying to meet those needs there in Hawaii. In terms of outreach, I suppose we could always be criticized that we don't spend enough effort and time sharing with every producer, landowner out there what the provisions of these programs are. At the same time, and I am going to kind of look at this from a farmer now, which is where I come from. I think the Department has made significant strides in terms of making available to the public out there, to the person that has some interest in these programs through the Internet technologies, through openness with NRCS staff at the ground level, programs, educational programs, and so forth. I know that if you go to any County Fair, State Fair, any gathering of that kind in the country, you will see NRCS there, and they have the whole range of program explanations available. And so I think we have done a lot in terms of outreach. Can we do more? I suppose we probably could. The issue is how much are we going to invest in that, what is the most efficient way to reach those individuals? And we are encouraging in a significant way, because it is every cost effective where people have the availability to try and access through the Internet technologies, because it really is a system that works very well. But I am going to have Bruce explain to you in some detail here the State allocations and perhaps that will help address the questions that you have raised.

Mr. KNIGHT. Each of the programs have their own allocation formula. In the case of EQIP, some 29 factors that go into that that take into account the resource degradation needs, the land area, the amount of area under cultivation in the case of EQIP. Have a different set of formulas in the case of WHIP, another set of formulas in the case of the Farm and Ranchland Protection programs. It cascades down through each of the programs.

In the case of the overall funding for Hawaii, from 2002 to 2003, Hawaii received a 42 percent increase in its allocation, which was a significant jump and quite a bit larger than some other States. But as I look at what I know as far as an existing backlog for Hawaii, it would continue to have a not insignificant backlog for the programs. Your understanding of the WHIP Program appears fairly accurate in that Hawaii is a State that has a large utilization of WHIP in probably the top 10 States as I peruse it very quickly.

But we would be very willing to sit down with yourself and your staff and go through the allocation formulas in detail and look at how we make sure that we are taking care of things for Hawaii.

The last point I might make, as the regional equity provision was constructed, it only bears on four programs and doesn't take into all of the programs that are part of conservation, including the CTA account, which is the account from which we would do much of the outreach work. And so it is very significant to understand that additional efforts on outreach wouldn't show up in the current formula and calculation for regional equity.

Mr. CASE. Thank you very much, and I will take you up on your offer to sit down outside this committee hearing to go over Hawaii's issues. Thanks.

Mr. LUCAS. The Chair turns to the gentleman from North Carolina, Mr. Etheridge.

Mr. ETHERIDGE. Thank you, Mr. Chairman, and thank you for being here this morning.

Mr. Secretary, I have noticed in USDA's notice of availability of funds, EQIP's ground and surface water conservation provisions is only being implemented in 17 western States. Can you share with us, if I am correct on this, any indication as to when or if the eastern half of the United States is going to be allowed to participate in this program? Because you just talked about EQIP and talking about regional fairness, and I thought maybe it would be a good time to raise that issue.

Mr. MOSELEY. Yes, and we appreciate that. And I am going to let Bruce handle that detailed question.

Mr. KNIGHT. The first year we implemented the Ground and Surface Water Conservation Program was in 2002, and it was part of the special additional funds that came from 2002, as a result of the congressional action of the farm bill. At that time, we only implemented it pursuant to the language in the report language. Those States that were under the Ogallala aquifer, which was the real impetus for that. In pursuant to the direction and feedback we received, we expanded it now to the 17 western States that were roughly most impacted by drought, in the drought that we are coming out of. And we have a real need right now to save as much water in 2003 as we possibly can in order to make sure that we are able as we are recovering from those droughts—and some folks are still very much in them. As we are recovering from those droughts, ensure that we have adequate stream flows for the fish and wildlife. That we have adequate water resources to maintain irrigation in the economic viability in those communities, as well as adequate water resources for those communities. And that was why the decision to make that this year, only on 2003, we are quite cognizant as we move along with this program that we need to look beyond just the arid West to the water scarcity problems nationwide, including the scarcity problems that you have in the humid East, which may not just be about drought, and drought recovery, but about a expanding population base competing for those limited water resources. So we will continue to look at how to expand that program.

In the meanwhile, every practice, every water efficiency practice that we do under the Ground and Surface Water Conservation Pro-

gram, is also eligible for funding under EQIP. The Ground and Surface Water Conservation Program is a special program within the larger umbrella of EQIP. And so a State in its prioritization process, the State Technical Committee in any State at this time can determine to allocate some of its money towards irrigation efficiencies, water efficiencies, all of those sorts of things. So even though the Ground and Surface Water Conservation Program is not available in every State, the practices that would be funded in it are available in each and every State in the Nation.

Mr. ETHERIDGE. I thank you, and let me go back to my original question. You gave me a good, broad answer, but you didn't answer my question. You said you can take some of the funds they have now. I am talking about the funds that are allocated for this purpose. And given that the Southeast has been through a horrible drought over the last several years, Northeast and previous years existed, my question was if and when?

Mr. KNIGHT. I would be very willing as we go through the—we will be reviewing our allocation formulas this fall and be very willing to take a look at how to make any further expansion decisions at that time, as we go through the allocation formulas themselves.

Mr. ETHERIDGE. I would like the opportunity to sit down and discuss that, because I think that is an important issue as we look at agriculture all across the country, and certainly the southeast has been through some very tough times. I might say being part of that, over the last—really 3 out of the last 4 years. We hope that it has been broken now with all the rain, but there is no guarantees. So I would hope we would—

Mr. KNIGHT. I was in North Carolina yesterday, sir, and nobody was complaining about not enough rain.

Mr. ETHERIDGE. Now they are trying to get in the fields to plant. You know, one or the other.

One final question, if I have a little time, Mr. Chairman, is that currently the administration is posing to fund technical assistance, we have talked about here, through a 15 percent cut in funding on the dollar, limited conservation programs as the transfer of the money from the conservation account plus new money that comes on top of that. And let us assume that Congress will agree and those things happen. My question to will be when the Appropriations Committee, which they tend to be prone to do, decides that they are going to make cuts in these spending accounts, how do you foresee the remaining part of money for technical assistance being divided among the various programs? Because we do our part, but they always tend to be the 800-pound gorilla.

Mr. MOSELEY. That is the reason why the effort is going to have to be on our part, and we hope on your part to try to make sure that the Appropriations Committee does understand the very difficult situation that we are in. I am sure that they have their valid reasons. I am also sure that if we sit down and if we work through this and talk about it, that we can come to a resolution on this because it truly is putting the Agencies in a box and it is very difficult for us to continue to operate under the circumstances. That is the reason why the chairman felt strongly that we needed to have this hearing, and why we were more than willing to come up and make sure that we illuminated these issues very clearly.

Mr. ETHERIDGE. Thank you, Mr. Chairman. Thank you, Mr. Secretary. I was just to an FSA office on Monday, and I can tell you they are under tremendous pressure, and I got an earful.

Mr. LUCAS. Yes.

Mr. ETHERIDGE. I just shared with you part of it. Thank you.

Mr. LUCAS. The gentleman from North Carolina is entirely right, and it is one of those things I believe to be an ongoing responsibility of this committee. We worked hard, we built a good farm bill. We met all of the funding requests from all of the different entities within the Department and without the Department. We did our work, now as authorizers, we have a responsibility to shed enough light on the process that some of our friends in other areas may be a little timid about ignoring our good work.

Mr. PETERSON. Mr. Chairman, could I just ask one question?

Mr. LUCAS. I was going to point out to the Secretary that I thought that that was a relatively painless round of questioning, and I would assume his schedule would permit us to have another round. So let us just inquire a little bit more of our friends.

And in that area and having the privilege of the gavel at this particular moment, let me ask the Secretary the following. The technical assistance account will not, of course, as we have discussed here, be possible if the prohibition on the CO account is not lifted. So for just a moment, Secretary, provide us with a little insight. Is the Department discussing this issue with our good friends, the insightful folks on the Appropriations Committee? And/or are you discussing the possibility of finding funding sources other than the Working Land programs? That is a nice, wide open question. It should be an interesting answer.

Mr. MOSELEY. Yes, I know. And I am going to ask for backup here very quickly. But the fact is we are very well aware, and quite frankly, sir, your initiative to hold this hearing has stimulated this issue at this point in time, and we fully recognize. Because we are going through our 2005 budget process, and we would like to get this resolved so that we don't have to deal with this 2005, 2006 and 2007. So we will very shortly initiate some discussions with the appropriators, and this is an issue that it is difficult clearly, but we need to just sit down simply and talk with those individuals, and make sure that we do understand the difficult situation we are in. And I have to have some confidence and faith that if we present it very clearly and there is an understanding of the difficulty, that we will be able to come to some kind of resolution. So we will be engaging with them, as I am sure that you will as well, to try to make sure that we do present the case very clearly.

Mr. LUCAS. Just in case we together cannot enlighten our friends on the Appropriations Committee, you are discussing among yourselves all possible alternatives, I would hope, for ways to fund these programs reviewing every conceivable option?

Mr. MOSELEY. Yes, and Bruce, do you have any further light that you can shed? He says no, OK.

Mr. LUCAS. Mr. Secretary, I am curious about what the Department's opinion is of Mr. Holden's and my bill H.R. 1907? I know the committee has requested an executive comment on the bill and that has not been forthcoming yet. I know you are a very busy bunch of folks down there, but can you share any insights?

Mr. MOSELY. Well, as we look at the bill and compare side by side with our 2004 budget process, what you are laying out on that bill and what you have suggested to us here is that you want each conservation account to pay for its own technical assistance, and that is the same direction that we are taking at the Department. So I would say in that regard, we are extremely compatible in the concept of the bill, and that provides a great groundwork for us to then work forward from.

Mr. LUCAS. Because clearly, Mr. Secretary, as you have heard comments from my colleagues who are very concerned about resources being available in different parts of the country, we had a heck of a time fine-crafting a very, I think, balanced bill in the very beginning, and the gyrations that this process in reallocating funds has put us all through is just causing torment all over the countryside. And when our rank and file constituents out there in the countryside, for instance, in programs like EQIP, come to the real realization there is a dramatic reduction in the number of dollars available.

We had a lot of lovely discussions in front of the FSA offices for all of us as Members of Congress. I would just note one more time, before I turn to my colleague, Mr. Holden, that I truly believe that it is important that this subcommittee focus on its responsibilities of oversight, working to make sure that a good piece of legislation is implemented in the fashion that it was intended to be implemented. And that we pursue that, whether it is legislatively, or across the floor on some other piece of legislation, to make that happen. We have to, I think, work hard to take a different track than has been traditionally been the legislative process, at least for the last 20 or 30 years in this body, of good work being done, and then undone by a 1,000 little cuts over the life of a bill. And that is not just the farm bill, that is all pieces of legislation.

With that, I appreciate your time and your insights, and I turn to the ranking member from Pennsylvania, Mr. Holden.

Mr. HOLDEN. Thank you, Mr. Chairman. Mr. Secretary, just a few final questions on the CSP Program. What is your timetable for implementation, and does the fact that you have transferred money for technical assistance out of other programs for CSP mean that landowners and operators will be able to signup and receive checks before the end of the fiscal year?

Mr. MOSELY. I think we are going to be right on the margin. The most recent discussions I have had with the Chief here, and since he is sitting here, he can either confirm or deny this. First of all, let me say that this is a very complicated, complex piece of legislation. Tremendous opportunity, also some risk. And we have taken extraordinary measures to collect public input on this, and my understanding is that we had some 4,500 comments that were made on this piece of legislation, or the rules as we were trying to lay them out. So we have moved slowly, cautiously to make sure that we get this one right. And I know that there is some concern out there when is it going to happen, but I will take responsibility for that because of the opportunity that this piece of legislation presents to us. Now I can't—I am not sure what exact point of the process we are in, but Chief Knight has—and I have been talking about this and my understanding is that by August or September

we may be able, depending on, of course, other folks and their clearance process, we may be able to get something out there. That would be the hope at this point in time, and I would ask Bruce either to confirm or deny what I have suggested.

Mr. KNIGHT. In the case of the Conservation Security Program, we went out with a—because it is an entirely new program, we are really venturing into new areas. We went out with what was known as an advanced notice of proposed rulemaking. And we had 15 some questions that we sought comment from the public on, and we are currently in the process of evaluating that. We had 700 individual replies that were submitted. When you take 700 replies, look at all of those answering 15 questions, you get into 4,500 or so comments as a result of that. But we are evaluating those. We are very close to the process of having completed that evaluation, being able to take and transfer that now into the rulemaking process. We will then go out with a proposed rule this summer in very short order, seek comments on that, finalize that rule with every intent of being able to meet the timeline that the Deputy has laid out before you. Thank you.

Mr. HOLDEN. Thank you, Mr. Chairman.

Mr. LUCAS. The Chair now turns to Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman. Maybe I should have asked this question different the last time when I was trying to get at this. If this bill that has been proposed by the chairman and Mr. Holden passes, it apparently takes us back to February 20, prior to the 2003 appropriation bill. And what impact would that have on this process if this passed, and you had to abide by it? Does it change what you allocated for the States, and would it have some impact on the 26th signup? Would it somehow or another limit the acreage that you could bring into the signup?

Mr. KNIGHT. As most of you know, I was, in a prior life, a lobbyist, and I learned the dangers of predicting the outcomes of the legislative process. So your question, sir, causes me a great deal of trepidation. There is a challenge associated with the legislation in that it would require the funding, make sure that it comes from each of those appropriate programs. In the case of EQIP, Farmland Protection, WHIP, we have fairly healthy reserves and I think we may be able to manage appropriately, depending on when in this process a piece of legislation would come through. The real challenge lies with the legislation as it is currently drafted on the impact on CRP and WRP, because we are—FSA is in the implementation stage of CRP, we are in an implementation stage of WRP. And that, in turn, has a challenge there. But I am very confident that knowing that, as you move forward with any legislative fix, those sorts of things would be taken into consideration, as you worked on the language itself.

Mr. PETERSON. But can you—I mean, right now you are talking about taking some money from the general fund and using that to do this. But if that was eliminated, and I guess what I am getting at is, do you have the authority to reduce the acreage in CRP and WRP if that is the only way that you can do this, or do you not have the authority? That was what I was trying to get at. I mean, in other words, take the money out of there and thereby reducing the amount of availability in the future?

Mr. MOSELEY. Well, I am, first of all, the——

Mr. PETERSON. It is limited by acres, not by dollars. So if you take dollars out of there, I guess what I am trying to ask you, do you then have to reduce the acres to make up for those dollars or not?

Mr. MOSELEY. The answer is, I guess, I just simply don't know. It is an interesting question; one that I think we would have to spend some time exploring. Of course, the limit on the CRP is statutory, but the actual decisions that we make about how much acreage we may sign up is driven by dollar availability.

Mr. PETERSON. Right.

Mr. MOSELEY. It is a question that——

Mr. PETERSON. You don't have to answer this right now. But the other issue is how much of it will come out of the continuous and how much would come out of the general. We still have a considerable amount of continuous authority there that has been kind of set aside that has been a concern to some of my constituents. So you don't have to answer right now, but I guess I am just—if this actually happened, I am trying to figure out exactly what impact it would have on CRP and WRP. That is what I was trying to get at earlier with my question.

Mr. MOSELEY. Well, I think that is a reasonable question that he wouldn't——

Mr. PETERSON. And the other—before my time runs out, the other thing, apparently you have allocated \$106 million to the—under what you did here on your April 26 announcement to CRP, according to this sheet I have got. Is that right? But when I look at what the technical assistance was for CRP in 1998, according to the staff here, it is \$48.2 million in 1999, with \$67.6 million in 2000. It was \$32.8 million, and in 2001, it was \$29.8 million. And we had some signups during that time, so I am curious as to why it is \$106 million now versus these other numbers which are like half or less than half of that?

Mr. KNIGHT. The numbers you see today, sir, are the estimates that we have based off of actual costs. The fact of the matter is at that time, there was a practice underway that had the costs for several of the farm bill programs being absorbed within the CTA account or the CO account. And we are now in a position where we are coming forward to you with actual cost numbers. We had to move to these actual costs in order to be able to get reasonable cost control underway, in order to be able to bring the cost of delivery for CRP and every one of the programs down.

And so now we have these numbers from which we can do as a baseline and be able to bring additional costs lower. The \$106 million that you see that we have allocated for the technical assistance costs for CRP would be the absolute high water mark for this year. We would already anticipate from what we have learned, and we have made many changes, both within FSA and NRCS, that we think are going to generate considerable cost savings that may exceed what we anticipate. In that instance, we will actually spend less than \$106 million. Whatever that actual amount is on TA we will be able to estimate that mid to late summer. We will then sweep those accounts and bring that money back, ask to have that

converted to financial assistance and be able to allocate that to the—back to the donor programs.

Mr. PETERSON. Thank you.

Mr. LUCAS. The bottom line I think remains, Mr. Peterson, if we don't take action, the custom that will be established in the process of using Working Lands programs to fund CRP and WRP will move forward, and before very long, they literally will be sucked dry of all of their resources. So this is something that must be addressed.

And with that, the Chair is very pleased to turn to the ranking member of the full House Agriculture Committee, the gentleman from Texas, for whatever comments or questions he may have. Mr. Stenholm, sir.

Mr. STENHOLM. Thank you, Mr. Chairman. And thank you for scheduling this hearing today and for all of your hard work, and the other ranking members in ensuring that all of the efforts we undertook over the last 2 years in crafting a Conservation Title are not frustrated. I have looked forward to today's testimony, but I am a little disappointed in terms of the solutions or lack of solutions put forward by some of the witnesses you will hear later today.

I also would have thought that groups following the farm bill would have learned their lesson. There isn't any additional money out there to fix this problem. Remember what happened to the new hope for conservation? The Conservation Security Program which was meant to be operated as an open-ended funding? Since we kept up the political pressure and said we really needed a Disaster Assistance Program, we finally got it, but at what price? A limitation on the spending of the CSP and a potential short-changing of conservation funding for years to come. Now we are going to have to work out some compromises ourselves and take care of this problem. That may involve some actions that aren't particularly liked by everyone involved in this debate. However, we, meaning all of you here to testify today, as well, owe it to the landowners and operators that we represent to carry through on that promise we made in the farm bill to ensure that all conservation programs included in the farm bill can be carried out.

I thank you for this hearing, Mr. Chairman. I have one question that I want to ask of Deputy Secretary Moseley. What do your projections for workload for the conservation technical assistance not involved the use of any farm bill programs show for the coming years? Are there really that many folks who come into our offices anymore asking for assistance that doesn't involve a mandatory funded Conservation Program?

Mr. MOSELEY. There are still demands upon NRCS that is beyond just farm bill implementation. I am going to ask Bruce to explain those in some detail, but my understanding just personally at the ground level living in Tippecanoe County, Indiana, and making observations is that our local zoning for example requires everything that happens in that county to have some soils work done. And NRCS is the resident expert in terms of soils, and so we as then a citizen, a resident of that county will engage with the NRCS Office to acquire that information. As a farmer, that makes perfect sense, but of course, when you are in the fringe areas of Lafayette and you are into building construction and so forth, those individuals need soils information as well. They need it for design, con-

struction. They need it for septic systems and so forth. So there are demands that remain with NRCS in that broad conservation operations. Just also in terms of farm planning, that they are there. farm bill came along and clearly has added to that. Now there are elements of what is needed in the farm bill to carry out those provisions, and what is kind of the core competency or the core responsibility of NRCS, and I am going to ask Bruce to kind of explain the steps in the program that they have been developing. But there are things that you do within the core component of NRCS that also are necessary to make sure that we meet the provisions of what needs to happen in the farm bill process.

Mr. STENHOLM. Bruce, before you answer, I would just like to ask a rhetorical question. But I wonder how many of those folks you just described are the same ones that believe that the tax cuts that we just passed are good for them, and therefore, the squeezing of expenditures means everything other than the expenditures of which you are talking about, that we still need to provide the services for?

Bruce, I don't expect you to answer that question. I just posed that as a rhetorical question.

Mr. KNIGHT. Thank you. To get back to the previous question, the workload in the workload analysis that comes from the conservation technical assistance account is one of the most difficult ones to be able to put a beat on. And now that we are moving to outcome-based budgeting, we are going to have a better means of being able to tie each of those things back to the goals and objectives that are laid out nationally by the Department.

One of the challenges that the CTA needs are different from State to State because of the locally led process, and rightly so. So in Texas, we provide a great deal of planning assistance, as it pertains to grazing lands management and brush control, out of the CTA account with farmers and ranchers who quite honestly don't—aren't looking for cost share assistance. Simply the planning to be able to put together the grazing plan and be able to move forward on that. In Hawaii, that is going to look very differently, because we are talking about the outreach needs that we may have that are very unique in a tropical climate, and how you put forth some of the most recent work we did, which was a plants identification booklet for tropical climates. And that is the kind of thing that again would come out of the CTA account. Then you come to one of the most important things, actually the reason I was in North Carolina just yesterday, was standards in practices. We have been doing a comprehensive review of all the standards, which we are used to implement each of these programs, and that is largely done through the CTA account. What we were doing yesterday was a methane digester summit to look at how we have bring on this cutting edge technology, transfer it from a dream to something that is in practice. We announced three practice standards changes that we were making yesterday as a result of that. And so you have such a diffuse number of legitimate needs that are done within CTA, is what makes it very difficult to estimate how these interplay with these other programs.

Mr. STENHOLM. Mr. Chairman, you and this subcommittee got a real interesting challenge with the letter that I have seen that

the—we are going to reopen the farm bill with the budget that we are dealing with now. And as we do, I think the solution that you and the others here are trying to work out that we can find a solution in this, but it is going to be considerably different than what I think the overwhelming majority of the folks in this audience think that is going to be possible here. But I commend you for taking this on. You are right on target, and we look forward to working with you when you get your bill to the full committee.

Mr. LUCAS. The challenges lie ahead of us, you are exactly right, Mr. Stenholm, but that is why the good folks sent us here. Forward we will move.

I will turn to Mr. Moran and then Mr. Case to conclude questions.

Mr. MORAN. Mr. Chairman, thank you. I appreciate you have a second round of questions because it gives me the opportunity to reiterate the number of times I have heard from landowners about this issue of not a conserving use on signup of CRP. And I failed to mention that I have been told that our local employees were trained that this land would be included. And then subsequent, in May, a decision was made reversing it. So it seems to me it was—what confuses me now is my assumption was this was an inadvertent decision, or an inadvertent result. But now I am told that USDA actually made the decision that these acres would not be eligible, because it is not a conserving use to—and again, this conserving use is land in CRP enrolled comes out of CRP in the year 2000, continues in its grass State, and now we are told it is not a conservation or conserving use. I reiterate a couple of things.

One, if this was a decision by USDA as compared to just something that happened by error, I would like an explanation for how—what I thought we agreed was a silly result is the position of the Department. And then second, that again reiterate the importance of this signup date. It is inadequate, it seems to me, if you decide that this is a mistake, that you have made an error or it wasn't given adequate thought, that then we might tell landowners come back next signup. We don't know when that would be, we don't know what the acres would be eligible, we don't know what the new requirements would be. And so I would again reiterate the importance of having that either extended, although I assume you know who all of these people are. They have been rejected at the USDA Office. So I assume there is a button you can push on your computer and say, oh, we made a mistake, come back and see us.

Mr. MOSELEY. That seems very logical to me.

Mr. MORAN. I thank you for your answer, Mr. Secretary. I have a second question if that—

Mr. MOSELEY. Well, but, there is a “but” on the end of this, as you know. I think you have raised what is quite frankly a question in my mind, and I was frankly unaware—I knew that there was some question over this, but I was unaware of the circumstances. What I will commit to you is that we will take this issue on yet this afternoon and we will try to sort out the real answer for you, and we will back to you by Friday with an explanation of the circumstances and try to find a potential solution to this.

Mr. MORAN. I thank you, and at this point couldn't ask for anything more, other than if you would have stopped your sentence before the "but".

One additional thought is it seems to me from a habitat perspective that we ought to be utilizing circle pivot corners for continuous CRP sign-up. And I have pushed this idea for a long time, for most of the time I have been in Congress. Is there any hope that this idea has merit at USDA?

Mr. MOSELEY. Well, again, now I am speaking as a farmer here for a second. That seems perfectly logical, but there may be a reason legally why that is not an issue that is on the table. And I would ask for Jim or Bruce—I think that is Jim's question, to respond to that.

Mr. LITTLE. There are only so many acres that we are going to be able to enroll under the new eligibility from the 36.4 million to the 39.2 million. We have 1.6 million expiring this year. And as we go through the remainder of the farm bill per say, we just don't believe that we are going to have that much capability. We have got almost 7 to 8 million acres that we believe would be—perhaps may be eligible, if we were to take in the corners of the center pivots. So it is something that we have looked at. It is something that we are really kind of in a quandary as to how we would be able to really determine the environmental benefit when we only have so many limited acres to enroll.

Mr. MORAN. I appreciate your comments. I do know that we pushed to include language in the farm bill that made one of the goals of CRP restoring habitat, and my hopes in part in pushing that language to be included was that we would send you another message about the priority of this aspect of CRP.

Mr. LITTLE. But we do believe that WHIP is available for that.

Mr. MORAN. I thank you, and Mr. Secretary, thank you for your response to my earlier question.

Mr. LUCAS. Thank you, Mr. Moran. And I am sure that the executive comment on H.R. 1907 will follow closely behind the answers to your questions. Mr. Case.

Mr. CASE. Thank you, Mr. Chairman. Just going back to one of my previous questions, which is not specific to Hawaii. But in one of the programs, Farmland and Ranchland Protection program, my understanding again is that seven areas had not received any allocation for 2003. Hawaii was one of them, but others include Nevada and other areas that you would expect to be interested in that and—had they expressed the interest to get the allocation. What is the reason, if you understand it, why no allocation was given to those States? Is it simply a matter of—I am noting that in each one of those situations, there was not an application in 2002. Is that the exclusive reason?

Mr. KNIGHT. Yes, sir.

Mr. CASE. Why is that? I mean, I don't know if it is calling for you to speculate, but why is it that they weren't interested?

Mr. KNIGHT. The 2002 farm bill really took the Farm and Ranchland Program forward in a major step in that it expanded the scope. And prior to the 2002 farm bill, you had to have basically a State agency that was operating the program and willing to implement it. And so this following 2002 farm bill authorities, Farm

and Ranchland Protection Program was expanded exponentially into many States where you had individual entities were now eligible to be able to apply. And so you see it has expanded greatly, and many States went from zero to a significant allocation. So some of the States may in fact have not gotten as far as having a private land trust that would be in that situation. I believe, if I understand the situation in Hawaii specifically is we did not receive an application, and that was why there wasn't subsequent funding. Should we find interest, that would be taken in consideration, as we move forward with next year's allocations.

Mr. CASE. OK. Thank you.

Mr. LITTLE. If I could add just something, we have been working with the State of Hawaii in coming up with a Conservation Reserve Enhancement Program, so that might be something that we could put on the table or something that would be of benefit to Hawaii for conservation.

Mr. CASE. OK. Thank you.

Mr. LUCAS. The gentleman's time has expired. The subcommittee wishes to thank the Deputy Secretary and the Chief and the Administrator for your insights today, and to note that we will be coming soon to you with wonderful solutions to help you work with us on. Thank you, gentlemen. You are dismissed.

And the Chair would like to invite to the table our next panel.

Ms. Nita Vail, executive director of the California Rangeland Trust, National Cattlemen's Beef Association, Sacramento, CA, on behalf of the National Cattlemen's Beef Association, National Milk Producers Federation, National Pork Producers Council, South East Dairy Farmers Association, and the Western United Dairymen. Also Mr. Mark Curtis, producer, Leland, MS, on behalf of the National Association of Wheat Growers, the National Cotton Council, the American Soybean Association, the National Corn Growers Association and the USA Rice Federation. Also from the third district of Oklahoma, Mr. Terry Detrick, vice president of the Oklahoma Farmers Union, Ames, OK, on behalf of the National Farmers Union, and Ms. Rosemarie Watkins, senior director of congressional relations from the American Farm Bureau Federation here in DC. And whenever the panel is seated and ready to go, Ms. Vail, you may begin.

STATEMENT OF MS. NITA C. VAIL, EXECUTIVE DIRECTOR, CALIFORNIA RANGELAND TRUST, NATIONAL CATTLEMEN'S BEEF ASSOCIATION, SACRAMENTO, CA, ON BEHALF OF NATIONAL CATTLEMEN'S BEEF ASSOCIATION, NATIONAL MILK PRODUCERS FEDERATION, NATIONAL PORK PRODUCERS COUNCIL, SOUTHEAST DAIRY FARMERS ASSOCIATION, AND WESTERN UNITED DAIRYMEN

Ms. VAIL. Good morning, Mr. Chairman. My name is Nita Vail, and I am a fourth generation rancher, a member of the National Cattlemen's Association and a resident of California. I am here today on NCBA's behalf, on behalf of the National Pork Producers Federation, the National Pork Producers Council, the Southeast Dairy Farmers Association and the Western United Dairymen. And for the record, Mr. Chairman, we are also being joined by United Egg Producers, the National Turkey Federation and the National

Chicken Council, collectively in this testimony will be referred to as the livestock groups.

Thank you, Chairman Lucas and ranking member Holden, and other members of the subcommittee for holding this oversight hearing. The farm bill's Conservation Title is extremely critical to our producers, and we welcome this chance to comment on these important programs and issues.

Our written testimony speaks to the many fine provisions in the farm bill, Conservation Title and our support for them. And in the interest of time, I am going to limit my stated remarks to the issues that are of most concern to us, as implementation moves forward.

First, we would like to indicate our grave concern that funds are going to be diverted in this fiscal year 2003 and beyond from EQIP, the Grasslands Reserve Program, the Farm and Ranch Land Protection Program and WHIP to support the implementation of the CRP and the WRP. We support the principle that each of the 2002 farm bill conservation programs pay their own technical assistance costs. We do not support the use of funds from one set of farm bill conservation programs to pay for the technical assistance of the other farm bill conservation programs.

We are deeply concerned about this situation and would very much like to see it corrected this year in a manner that results in no harm to the 2002 farm bill. The livestock groups believe that your recent legislation on this matter, I think this morning referred to as H.R. 1907, serves as a fine measure to ensure that no funds are diverted from EQIP, GRP, FRPP and WHIP. We also support an ultimate solution that preserves the funding for these programs and allows a strong and effective GRP and WRP to be implemented.

With regard to EQIP, some groups have criticized the administration for faithfully adhering to the farm bill's language that allows EQIP funds to be used for structural measures for so-called large livestock operations, including new and expanding operations. We find criticisms misguided in this regard. EQIP will have the greatest environmental benefits if it can help those producers responsible for a majority of the animals in this country do a better job of managing their manure. Removing the large producer prohibition will do just that, and we continue to strongly support the use of an EQIP payment limitation, because we believe it will help make EQIP a sound and environmentally successful program.

We are also concerned about the provision in the EQIP final rule that makes nonpoint sources in the Total Maximum Daily Load or TMDL watersheds to lead an only national priority focused on water quality. There are significant potential problems with this provision, depending on how NRCS implements it. We know that NRCS had leeway to address any one of several natural—the several natural resource concerns, and we ask for the subcommittee's assistance to support NRCS' implementation of this TMDL provision in a manner that does not otherwise damage the program.

With regard to the implementation of EQIP that is now just getting underway, we are concerned about proposed ranking criteria that may make the program less effective in helping livestock producers address their most pressing environmental regulations.

Many States have proposed giving higher priority to applications that include a separate soil erosion control component. We fully support using EQIP for erosion control, but are concerned that producers willing to do a first rate job of managing their manure might be denied critically needed assistance as a result of this approach. We will be monitoring this aspect of EQIP's implementation and anticipate having comments on this issue later this year.

We are also concerned that several States with strong livestock production sectors have not made comprehensive nutrient management plans a practice directly or indirectly eligible for EQIP. Some States have proposed requiring a nutrient management plan be prepared without financial assistance in advance of an EQIP application. In our view, this is bad policy and completely unacceptable. Nutrient management plans are going to be critical to helping livestock producers comply with the new CAFO rule. EQIP must work with regard to comprehensive nutrient management plans. We will report back to the committee on this matter once more information is available.

Another area of great interest to us is the Grasslands Reserve Program. Prior to the 2002 farm bill, there were no programs that protected grassland, ranch land, or other land with comparable high resource value other than wetlands on a national scale. Congress recognized the need to protect all grasslands from development and conversion pressures by enacting the GRP, and it is designed to address the pressures to convert grassland for development by allowing landowners to enroll in grasslands and other range and pasture lands in short-term contracts.

As a rancher from California, a highly populous State, and which many of you may not know, we have 20 million acres of privately owned range lands, so the threats are immense. This program has incredible opportunity to serve not only the range land industry, but protect the infrastructure in our local communities and benefit society and the environment. After more than a year, the administration has yet to propose rules for this program. It is imperative that this program be implemented as expeditiously as possible. It is even more critical that the proposed and final program reflect congressional intent. The language of the farm bill, report language, and the legislative history show that Congress intended the GRP to be national in nature, and that land for enrollment should include grassland, including improved rangeland and pastureland. Implementation of the program that limits eligibility or diverts the funds to other resource concerns would not reflect congressional intent and would reduce our ability to protect our rapidly disappearing grasslands.

Moving on to the use of third party technical service providers is going to be critical to the implementation of the Conservation Title. Our group support NRCS in its role as the top technical assistance provider organization in this country. But we know that NRCS personnel are not going to be enough and that professionals in the private sector will be needed to help. We applaud USDA and NRCS' effort to implement these provisions. Many livestock groups have advocated a Federal Advisory Committee on technical TSP issues to help USDA make this program work. We continue to support this and encourage USDA to move forward.

And finally, livestock groups recognize that the Conservation Security Program has potential to provide livestock producers with important conservation assistance. We encourage USDA to move forward with implementation of the CSP and look forward to providing comments on the rulemaking once it is published.

In closing, Mr. Chairman, we look forward to working with you to make sure that the 2002 farm bill works for our producer members in the manner that you and other members of the committee envisioned when it was passed. Thank you for this hearing, for your leadership on these important issues that are so important to livestock producers. I would be happy to answer any questions at the appropriate time.

[The prepared statement of Ms. Vail appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Ms. Vail. Mr. Curtis.

STATEMENT OF MARC CURTIS, PRODUCER, LELAND, MS, ON BEHALF OF THE NATIONAL ASSOCIATION OF WHEAT GROWERS, THE NATIONAL COTTON COUNCIL, THE AMERICAN SOYBEAN ASSOCIATION, THE NATIONAL CORN GROWERS ASSOCIATION AND THE USA RICE FEDERATION

Mr. CURTIS. Good morning, Mr. Chairman, other members of committee, and the whole committee.

I am Marc Curtis, a soybean, rice, corn and wheat farmer from Leland, Mississippi. I am a past president of the American Soybean Association, and for the sake of full disclosure, I would like the committee to know that I am currently serving as secretary-treasurer of the National Association of Conservation Districts. However, today I am representing a group of commodity organizations that work together on conservation issues and feel strongly about the issues that we are discussing today. The groups being represented today include the National Association of Wheat Growers, the National Cotton Council, the National Corn Growers Association, the American Soybean Association and the USA Rice Federation. Our testimony will focus on implementation of the Conservation Title Farm Security and Rural Investment Act of 2002.

I would like to thank you, Mr. Chairman, for your leadership and the leadership of your committee, in helping to craft a Conservation Title in the 2002 farm bill that represents, in the words of the Bush administration, "The single most significant commitment of resources toward conservation on private lands in the Nation's history."

This was accomplished by greatly expanding existing working lands programs, such as the Environmental Quality Incentives Program, that expressly directs a percentage share of the program towards non-livestock producers and increasing the acreage cap enrollment of set-aside programs, such as the Conservation Reserve Program.

You also created promising new programs, such as the Grasslands Reserve Program, which authorizes enrollment of up to 2 million acres of restored, improved or natural grassland, or rangeland and pastureland. And a program in which our members have enormous interest, the Conservation Security Program, which can

provide an unprecedented opportunity to increase conservation on private working lands.

I say it can provide an unprecedented opportunity, because draft regulations have yet to be sent out for public comment, and there are some initial indications, for example, in the advanced notice of proposed rulemaking recently sent out for public comment, that USDA is looking for ways to artificially constrain this program.

And while we realize that the Federal Government is not going to throw open the doors of the Treasury and hand us a pitchfork to start shoveling out the money, it seemed clear that the intent of Congress was for the CSP to be a program for all producers on all working lands addressing one or more resources of concern on all or part of their farming operation.

Many of our members are also concerned that this program not simply be targeted to the bad actors who have not been as ambitious in addressing conservation concerns, but also be utilized to reward those producers who have been very aggressive in addressing conservation needs and could at least qualify for Tier 1 conservation maintenance.

We fully understand the daunting task facing the Department of Agriculture in implementing these programs, and we understand that they have been diligently working to get regulations finalized, funding allocated and to get these programs up and running so that we can begin to realize conservation benefits on the ground and out in our fields.

However, the initial optimism which followed passage of the 2002 farm bill has given way to concern in part because the ongoing debate over funding sources for technical assistance. It appears that interpretation of the provisions of the new farm law and recent language added to the omnibus appropriations commission will erode program resources as well as the confidence of support of our members.

For example, the EQIP Program was initially authorized at \$700 million. It was then reduced to \$695 million as a result of Appropriations actions, and now stands at \$588 million program as a result of the interpretation that requires EQIP to contribute towards the technical assistance requirements of the Conservation Reserve Program and the Wetland Reserve Program.

Some of our members have also been informed that while land planted anytime in the past to a multi-year grass or legume could meet the cropping eligibilities for enrollment in CRP, the eligibility now only applies to lands planted to a multi-grass crop or legume after 1996. My question is, is highly erodible land in 1995 less valuable to protect than highly erodible land in 1997? These are rules cooked up by accounting types, not by those who are concerned about the good conservation stewardship of our land.

We also understand that the 2002 farm bill was drafted and passed by Congress during a time of budget surplus, while it is being implemented during a time of budget deficits. Clearly there are increasing pressures to restrain domestic spending, but the farm law was written in compliance with the budget resolution in effect at that time. Therefore, the programs authorized in the farm bill and signed into law by the President just over a year ago should be implemented as authorized.

Each of our organizations, along with the American Farm Bureau Federation and the National Farmers Union, have corresponded with Congress indicating our strong opposition to any effort to amend, alter or siphon off funding from the Farm Security and Rural Investment Act of 2002. Our groups will again communicate our opposition to amendments, which alter the balance of funding for price support, conservation and nutrition, risk management and export promotion. I believe you have a letter that I ask be included in the record concerning this.

We are aware of the legislation you have introduced, Mr. Chairman, to address the problem of technical assistance funding, and wish to express our support for your recent efforts to ensure that each of the 2002 farm bill conservation programs funded by the Commodity Credit Corporation pay for their own technical assistance costs. We do not support the use of funds from one set of farm bill conservation programs to pay for the TA of other farm bill conservation programs.

Under current law, as being implemented by the administration this fiscal year, the TA costs of the Conservation Reserve Program and the Wetlands Reserve Program will be paid from CCC funds made available to the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Farmland Protection Program, and the Grassland Reserves Program. In the case of EQIP in the fiscal year 2003, this will result in the withdrawal of approximately \$107 million. GRP, FPP and WHIP lose a comparable relative share of the total funds needed to pay for CRP and WRP technical assistance.

We are deeply concerned about this situation, and very much would like to see it corrected in this fiscal year in a manner that results in no harm to the 2002 farm bill provisions that have been supported and embraced by the agricultural community.

In closing, Mr. Chairman, we would like to emphasize several principles that we feel are important to keep in our collective minds as we move forward on farm bill implementation. First, we believe that each conservation program should pay its own technical assistance and that the provisions embodied in the legislation you have introduced provide positive guidance toward achieving this objective. However, we sincerely hope that an administrative solution can be found based on your direction.

Second, we will actively oppose any attempt to amend, alter or divert funding away from farm bill programs, as authorized by Congress and signed into law by the President just over a year ago. Farmers need a consistent, predictable long-term policy in order to make sound investment, cropping and marketing decisions, and to compete in a world market replete with subsidies, tariffs and non-tariff barriers.

We appreciate this opportunity to present our views, and we are happy to respond to any questions you may have.

[The prepared statement of Mr. Curtis appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Mr. Curtis. Mr. Detrick.

STATEMENT OF TERRY DETRICK, VICE PRESIDENT, OKLAHOMA FARMERS UNION, AMES, OK, ON BEHALF OF THE NATIONAL FARMERS UNION

Mr. DETRICK. Thank you, Chairman Lucas, Ranking Member Holden, ranking member of the full committee, Mr. Stenholm, members of this Subcommittee on Conservation. I am Terry Detrick, a wheat, forage and livestock producer from Ames, Oklahoma. I currently serve as vice president of the Oklahoma Farmers Union.

Mr. Chairman, from your constituents back home, thank you for your bold work on conservation issues with dire consequences for all citizens, not just producers. National Farmers Union represents 300,000 independent, diversified, owner-operated family farms and ranches across the Nation, and we are grateful to have the opportunity to appear before you today to discuss the crucial issue related to funding for technical assistance for conservation programs included in the 2002 farm bill.

Although this is an intricate budgetary topic, we thank the Chair, the ranking member, and others for their efforts to rectify the funding fight that has developed seemingly between the administration and Congress. The issue before us today centers around the amount and source of the money for the farm bill conservation programs, and this includes technical assistance provided to farmers and ranchers that must implement very complex conservation systems on their working lands. We believe the money for technical assistance should come from the Conservation Program accounts themselves. We support your bipartisan efforts on H.R. 1907 to address the funding dilemma that has been created for some of these agricultural conservation programs.

We believe that the OMB decision to not fully fund the technical components of the Conservation programs because they claim other funds are available is wrong for Conservation programs, wrong for farmers and ranchers. We also believe that NRCS should not use funds from its Conservation Operations account to supplement these programs. And these funds are crucial for NRCS' non-farm bill conservation responsibilities.

Following this approach only encourages a divide and conquer strategy. It sets up a potential fight among livestock and production agriculture, geographical regions of the country, working lands conservation versus non-working lands conservation, and is not healthy for the development of program opportunities meant to apply to all farmers and ranchers across the country.

To summarize our views in a nutshell, No. 1, the farm bill conservation programs should be fully funded as authorized in the farm bill, and No. 2, that the discretionary NRCS Conservation Operation fund should not be redirected to support the implementation of the mandatory farm bill conservation programs. The 2002 farm bill has been called the greatest ever, and our members want the programs that they supported and worked hard for to be included in the farm bill to be implemented the way Congress wrote the law.

Throughout the farm bill debate, congressional leaders such as you saw the importance of technical assistance as a key component in getting conservation programs put into practice on working

lands across America. In order that complex conservation systems be developed and applied, the concept of technical assistance supplied by third-party providers was a key element supported by both Congress and the administration, and the provisions will be seriously undermined if technical assistance is not fully funded.

The partnership between the NRCS and the local conservation districts is key to rendering the effective third-party provider technical assistance across the countryside. It appears that the administration supports using a combination of program fund offsets and redirected discretionary funds, including a large percentage of base conservation operations funds to fund technical assistance for our conservation programs. We feel this approach would result in severe reductions in important conservation and rural development programs, and would restrict the ability of the Appropriations Committees to direct funds to programs it sees as high priority needs for the country.

We agree with the conclusions reached by the GAO, that the farm bill specifically provides funding for technical assistance as a part of the mandatory funding for each and every Conservation Program in the farm bill. We encourage your efforts and your legislation to be as inclusive as possible, and support your efforts to ensure that the original intent of Congress in writing the 2002 farm bill will be carried out.

What ranchers and farmers do not want is further delay in implementing the farm bill. We believe passage of H.R. 1907 will help remedy the situation before us today. We stand ready to work with you to get it passed and protect the integrity of NRCS, and we thank you.

[The prepared statement of Mr. Detrick appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Mr. Detrick. Ms. Watkins.

**STATEMENT OF ROSEMARIE WATKINS, SENIOR DIRECTOR,
CONGRESSIONAL RELATIONS, AMERICAN FARM BUREAU
FEDERATION**

Ms. WATKINS. Thank you. I appreciate the opportunity to testify on behalf of the American Farm Bureau Federation before the subcommittee on the issue of farm bill Conservation Program delivery.

The subcommittee has specifically requested that we address the issue of conservation program technical assistance funding. We are extremely concerned about the ongoing shortfall of technical assistance funding for CRP and WRP. In fiscal year 2003, this shortfall will result in a substantial cut in funding for EQIP and other conservation programs. This comes at a time when EQIP has a significant application backlog. We believe every program must cover its own technical assistance delivery costs. The chairman's bill is a good first step in providing guidance.

In the case of CRP and WRP, we believe USDA should calculate the delivery cost of program enrollment. Acres available for enrollment should be reduced to a level to fund program delivery and technical assistance. We are not suggesting a reduction in the statutory cap of 39.2 million acres. CRP has never been fully enrolled, and WRP yearly acreages have varied. The programs and their goals would not be sacrificed or jeopardized in any way. The pro-

grams would cover their own costs without incurring additional budget obligations or taxing other programs. We urge the Congress and the administration to work together to resolve this issue. The integrity of the Farm Security and Rural Investment Act of 2002 is critical. Resolving this issue in a timely, straightforward manner is essential. Farm Bureau supports full funding of the farm bill and opposes any action that would upset that financial balance.

With regard to program delivery and implementation, conservation has increasingly become a priority for our members. Conservation cost-share and incentives are essential to assist producers in addressing public concerns related to the environment. If farm bill conservation programs are to be successful, adequate technical assistance will be key. We must be available to—funding must be available to demonstrate that voluntary incentive based conservation programs can be successful in addressing environmental issues and serve as an alternative to the more costly and burdensome regulatory approach.

One important component to program delivery will be the utilization of technical service providers. We do have some concern regarding implementation of this program.

The confidentiality of information provided to technical service providers must be protected. Farmers and ranchers are increasingly concerned regarding the confidentiality of information provided as part of program participation. The farm bill specifically exempted such information from distribution to other agencies of Government and from disclosure under the Freedom of Information Act. This protection must be extended to all information made available to third-party technical service providers.

Additionally, technical service providers must be bonded and have appropriate liability insurance. We understand that in some States liability insurance may not be available for some practices or cost-prohibitive. NRCS should review bonding and insurance issues on a state-by-state basis to assess availability and consider some means of providing insurance where none is available. Payment rates for technical service providers are to be based on NRCS cost of service. When calculating the cost of service, we want to be sure that actual NRCS costs are complete, including insurance, office and administrative costs.

Additionally, the regulations lay out a complex system for producers to utilize technical service providers. Errors in timing or contracting procedures could result in producers not being reimbursed for costs. It is essential that NRCS provide a plain English step-by-step procedure guide for producers.

As far as the EQIP, the EQIP final rule has just been released making it difficult to assess program delivery. We will be working with State Farm Bureaus to monitor implementation. We continue to believe that the Conservation's Security Program is extremely important. We believe that agricultural producers must receive assistance to help with the cost of ongoing environmental improvement and regulation. We also believe that the program should be fully funded and should be implemented nationwide.

In conclusion, conservation financial and technical assistance are critical tools for assisting farmers and ranchers in addressing resource needs. Adequate conservation planning will be essential for

program delivery. The programs encompassed in the farm bill offer tremendous opportunity for agriculture and for NRCS, but their delivery will be challenging. We must all work together to ensure success.

While we have focused primarily on technical services, EQIP and CSP, we would be happy to answer questions with regard to other conservation programs.

And thank you for this opportunity.

[The prepared statement of Ms. Watkins appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you. And I do appreciate everyone's testimony today. Clearly we have come to, in a sense, a fork in the road here; whether we continue down the process of undoing the funding mechanism that was set up in the 2002 farm bill, or we attempt to bring this wagon back onto the proper trail. I would note for Mr. Curtis and my crop friends that I too realize and agree that an administrative proposal to fix this would be the best course of action for all involved. But if as it appears, the administration is not able to or perhaps unwilling to take action, then let me ensure you my goal will be to work on a bill or an amendment that will address the technical assistance issues, and be the primary focus of that. To come up with a good fix, as Mr. Curtis pointed out, EQIP which was supposed to receive \$700 million has already been shifted down to \$588 million. That is a rather dramatic move. But focus on the technical assistance issues.

And I would also note for the record that in the actions we have seen from the other body on the other side of this building and from the appropriators on both sides of this building, they have been in effect rewriting the farm bill since the first day they laid their hands on a dry copy. So it is not as though we are plowing a field for the first time. And as the ranking member of the full committee most accurately points out, there are challenges we are going to face in this committee that we have to address, and coming to this successful conclusion can be a part of that also.

I guess the question I would now put to the panel is your opinion about how Congress should proceed until we are able to get the technical assistance funding issues fixed, or perhaps, maybe the better question is your opinion about how USDA should proceed? And I couch that by the point that as these funds are expended in the fashion they appear to be directed now, at whatever point we bring this process back to focus, those dollars will be gone. They will not be refunded back to those endeavors. So I guess my first question to the panel is how should we proceed until the technical assistance issues are fixed?

Ms. VAIL. Mr. Chairman, we also would hope to see an administrative fix. We clearly would like to see this corrected for fiscal year 2003. If that cannot happen, I would ask if I could respectfully submit a letter that was sent to you and your committee yesterday signed by all of the livestock groups and the major row crop groups supporting your approach.

Mr. LUCAS. So ordered to be added to the record.

Ms. VAIL. Thank you very much.

Mr. CURTIS. Mr. Chairman, it is the groups' that I represent strong belief that this problem is to be fixed in the fiscal year 2003.

It doesn't need to be drug out. We believe that under your expert guidance as Chairman of this committee and the impetus maybe provided by this hearing that there is the possibility of an administrative fix. Let us continue to keep the pressure on in that manner.

However, if that is not possible, then we have addressed this problem partially in previous—during the omnibus appropriations process without having to open up the farm bill, and maybe an approach like that would be the correct course to take. We are very leery of going back and opening up the farm bill.

Mr. DETRICK. Mr. Chairman, we would concur with Mr. Curtis, but also would like to add I know it is perilous times. I know in agriculture through the years, agriculture seems to have the most common sense approach to every issue that has come up in Washington, DC. And we have given, and we have given, and we have given, and the 2002 farm bill gave back, thanks to the efforts of those of you in this room and the full committee. Quite frankly, I have confidence when I look at the members of the full committee and this subcommittee, because I have seen you all do some things before in bringing priorities to the forefront. I think that our situation has to be. This has got to be a priority. It is not just a farmer thing, as I said in my opening paragraph. This is for the country, and we have got to find whatever means we can, to get these funds, get them quick, get them implemented and get this 2002 farm bill underway.

Ms. WATKINS. We too would be very concerned about anything that would open up the farm bill. We think that perhaps there could be an administrative solution and we would like the administration to look at our approach, with finding a way for CRP and WRP to pay their own way without legislation, but this needs to be fixed. EQIP is extremely important to our members as a CSP, and we need to move forward with implementation of these programs.

Mr. LUCAS. Thank you. Once again I would just ask my friends to remember that there will be no, in my opinion, general reopening of the farm bill. But the process of tweaking and adjusting started the moment the ink was dry, whether it's the appropriators and their actions, or the other body with their actions, we have a responsibility I think to do whatever is necessary to preserve those very precious resources that are available to us, as Mr. Stenholm has pointed clearly time and time again on the floor and in this committee. We have a limited amount of resources available to us. We must preserve and use those most efficiently. The western Oklahoma dialect, I believe, with there ain't going to be no more, and Mr. Stenholm might disagree with that. But with that, I turn to the ranking member, Mr. Holden.

Mr. HOLDEN. Thank you, Mr. Chairman, and I thank the panelists for their testimony. I would like to pose a question to Mr. Curtis and to Mr. Detrick.

NFU and several of the commodity organizations lobbied Congress for over a year and a half for disaster assistance, despite warnings from Members of Congress that such an effort could very likely be to agriculture having to pay a high price for that assistance later, either in cuts in the farm bill or through budget reconciliation. In your personal opinion, was the cost that agriculture

had to pay by moving the entitlement nature of the Conservation Security Program too high of a price to pay for a disaster assistance, the omnibus appropriations bill, cap CSP at \$3.7 million?

Mr. DETRICK. The answer to your question was that too high a price to pay, I think you can tour through a lot of the country that has been affected by disaster, and a lot of them are still saying where's the beef? There was not enough in that. Was it too much relevant to everything else? I am not sure that is a possible question to really answer. I think we have done, you all have done the best with what you had to do with. And yes, we still have people in agriculture that won't face another year. And does that affect the entire country? Yes, sir, it does.

I think and I appreciated Mr. Stenholm's remarks earlier. There is priorities out there, and it seems at this point that this administration doesn't think that this is a priority because they have priorities for other things. We had some tax cuts, we have got some other things that are out there that they have had priorities for. There needs to be priorities for agriculture; priorities to keep America's production line in place for our food security.

Mr. HOLDEN. Curtis.

Mr. CURTIS. You asked for a personal opinion, and representing a half a dozen groups, I really—

Mr. HOLDEN. Well, even your professional opinion.

Mr. CURTIS. I am really in a quandary here as to how I can express a personal opinion and represent all of these different groups.

Mr. HOLDEN. Well, you can give a professional opinion, sir.

Mr. CURTIS. I will go back and give my personal opinion. It was too high a price because I didn't qualify. Outside of that, traditionally Disaster programs in this country have been recognized as that and important to the country as a whole, and have been treated as such. This one wasn't. I think only time will tell whether having to pay for it out of CSP will be the right thing or the wrong thing. CSP, if it is implemented correctly, certainly is going to be a very important program for farmers in this country. And I hope that the Congress will see down the road, and hopefully not the very long road, that the importance of CSP is going to be such that the funding cap will be taken off of CSP.

Mr. HOLDEN. Mr. Chairman, I understand that slight bit of hesitation that the gentleman had in answering the question because that is what we have been struggling with; trying to protect that record-setting investment that we made in agriculture last year, particularly the \$17 billion in conservation. So with that experiment, I yield back.

Mr. LUCAS. Thank you, Mr. Holden. Mr. Stenholm, sir.

Mr. STENHOLM. Thank you. I thank the witnesses and I appreciate the difficulty you had answering Mr. Holden's question, because many times I have always suggested be careful of what you ask us to do, lest we do it for you and it comes to you, and this budget situation that we are now facing is serious and growing more serious. When we see that we will borrow somewhere between \$400 billion and \$500 billion this year, the pressure that is on this committee and the appropriators is going to be severe. There are those that do not have the same priority listing that the four of you do that you have testified here today, and I am not sure

where the majority lies, both sides of the aisle regarding this. When we don't recognize some of our own actions as being contributing to our problem, it becomes to be a little problem. When we start pointing the finger at somebody else rather than recognizing three are pointing back at us, we get into a little trouble, whether you are at that table or whether we are up here at this side of the dais.

Chairman Goodlatte has a letter from Chairman Nussle, and I have got a copy suggesting that we cut \$5 billion out of the farm bill. Now they don't say it that way. They say cut waste, fraud and abuse, and I doubt seriously that in any of your testimony that you have outlined any waste, fraud and abuse in the Conservation Title of the farm bill. I didn't hear that because you are asking for more than what is in the bill in this endeavor. But we have been told—I do not see, Mr. Chairman, how we can avoid reopening the farm bill in order to make the kind of cuts that we are going to be asked to do and required to do under the budget that has passed. I don't see how we can do that. I don't think that is necessarily something we can't do. I personally think we can adequately fund technical assistance, if we go do it and do it the way this committee would want it done. Realistically, I think we can do it. But we can't do it like you want it done. Since 1992, I have been begging and pleading NRCS, Conservation Districts, et cetera, to try to form Team USDA and see if we can't improve the efficiency on delivery of conservation, and basically, most of you in this audience have thumbed your nose and said the heck with it, which is your choice. You whipped me a long time ago. I haven't fought that battle, and I am not going to take but 30 seconds on it today. But there are ways we can efficiently deliver this service if we were willing to do it. But you are not willing to do it, and you come up here and you ask us for more money to do it, and that is going to be tough to do. I am going to continue to suggest that you look back home and see if there aren't ways that we can do a better job of delivering that technical assistance and have Team USDA, and where it is appropriate, have FFSA and RMA and NRCS and Extension Service and all working together. We have got some great examples where that has worked, but for the most part, we choose not to do that.

And I guess one question that I have got. The focus today from all of you seems to be on the concerns about taking money from several programs, and not on the fact that we have an entire array of programs that are designed to meet a number of needs. In the spirit of Chairman Nussle, is there any waste in any conservation program that you would suggest that we might save? Any particular conservation program that we might do away with, assuming it is not somebody else's conservation. I mean, livestock, the committee said 60/40. Livestock producers in EQIP should get 60 percent of the funding, and that I totally concur with. I suspect some crop producers would say that was wrong. We ought to have it 50/50 or 40/60, the other way. But is there any conservation areas that we are working on today that this committee might look at to help achieve our 1 percent in waste, fraud and abuse? And if you can't think of one, you can provide it for the record. Maybe it is a little more rhetorical than an actual question, but I don't think

so. Provide it for the record. My time has expired, unless you have got a comment.

Mr. DETRICK. Congressman Stenholm, I would make a short comment and allow that to be only a personal opinion, because I have not conferred with NFU or OFU, or anybody else before I say this.

But I do know that one of the biggest competitors for young farmers to rent land, and you have heard this before, is CRP and some of the rates. Those who own that, I am sure think their payments are not high enough. I am one who had my rent increased 150 percent because of the opportunity to go into CRP, and I was paying the going rate for rent. But the CRP payment was based upon the possible return, total return of that land, not just the net, and what the going rate of interest was. That is just a personal opinion of mine, and I think there are some rates that are probably being overpaid through some of those things.

I would reply again with a second thought to Congressman Holden's question. I think that it is a mistake when we confuse disaster versus conservation. We don't confuse a hurricane to conservation, and I think that that was a mistake. I have a pie chart that we put together on the 2002 farm bill, and the total amount of the agriculture budget compared to the Federal budget is such a small sliver here that you won't be able to see it from your distance. But when you look at the bigger one, which is how that farm bill is divided, over 55 percent goes to welfare and food nutrition needs. But I see only 8.4 percent conservation, and a lot of that in order for us to get it, the farmer has to come up with his own money to help match. And the results and those who reap the benefit from that is John Q. Public in lots and lots of instances, with cleaner water, cleaner air, conserving our resources for the future. So if we want to look for cuts, why do we look for so many from just 8.4 percent of this thing? And if you add commodity support, you have got about 33 percent. There is another 67 percent of this thing that we might want to be looking at.

Mr. STENHOLM. Let me just urge a word of caution going down that road. It was not by accident that we passed this farm bill with two-thirds vote, both sides of the aisle in both bodies. If you eat, you are involved in agriculture, and the temptation for all of us in the committee is to look at the food component as where the waste and fraud is. That is not where the waste and fraud is any more than it is in the conservation.

If it is fraud out there, we ought to be prosecuting them under current law, and I would submit we have got plenty of laws on the books that prosecute and we have got—that is going on. But from the standpoint of efficiency of operation, I don't think it is too much to ask of those who work with us to do the same thing you had to do on your farms and ranches. Live in this world and get more efficient and do some of the things that you have been so reluctant to do, because that is not the way we did it 10 years ago, or we don't like dealing with these other organized groups because they are not doing it the way we ought to have it done. It just shouldn't be that way, but I just again urge a little caution. The budget economic game plan that we are going down is going to require this committee, if we do our job to reopen the farm bill. Now that is not saying that that is necessarily all of the evil things that happened with

it. But if we do our job in meeting the budget restraints, we need to do this, and that means we are going to need to help to find where we are going to save \$5 billion, 500 million this year. And I don't want to take it out of conservation. I was one of these that said this was going to be the greenest farm bill in the history that I have been here, and I was going to be supportive. It was, and I am. But we need some help, and some of you in this audience are not giving us the help with the testimony that you are giving today.

Mr. LUCAS. Thank you, Mr. Stenholm. And the subcommittee wishes to express its appreciation to the panel for rather insightful and interesting exchange on the topics, and the comments and support in focusing on our conservation resources.

I believe now it is time to invite the third panel to the table. Mr. Bill Wilson, first vice president of the National Association of Conservation Districts from Kinta, Oklahoma. Mr. Scott Faber, policy analyst, Environment Defense Fund, Washington, DC, on behalf of the Environment Defense, National Audubon Society, Defenders of Wildlife, Land Trust Alliance, Sustainable Agriculture Coalition, and the National Wildlife Federation. Mr. Scott Sutherland, director of governmental affairs, Ducks Unlimited, Washington, DC, on behalf of Ducks Unlimited and the Wildlife Management Institute. And whenever you are ready, Mr. Wilson. The committee looks with a great enthusiasm towards this panel's insight.

STATEMENT OF BILL WILSON, FIRST VICE PRESIDENT NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS, KINTA, OK

Mr. WILSON. Thank you, Mr. Chairman, and members of the subcommittee. I am Billy Wilson, and I am here representing the Conservation Districts across this country, our 3,000 district members of NACD, and our 2½ million cooperators that we service each day. I would ask that my statement that I have submitted be included in the record. And there is a further explanation of who I am there, so if there is interest, you can read about that. I want to get right to the issue.

Conservation districts work shoulder to shoulder with the NRCS in implementing programs. We have for some 70 years. Districts have always supported our voluntary, incentive-based approaches to private working lands conservation. A theme repeated throughout the 2002 Act that this committee and you, Mr. Chairman, worked so hard to make sure that it came to pass, and we appreciate your efforts and the efforts of all of the committee.

The best way to achieve conservation is through local decision making with input from all stakeholders. Opportunities still exist to improve communication, coordination and cooperation with State and Local Governments so that combined resources can be used more effectively do help producers address conservation objectives.

That is to say that even though we have worked shoulder-to-shoulder with NRCS for 70 years, there is still, in my view, some areas where we can improve. And I wish the ranking member of the full committee were here to hear me say that, because there are opportunities I think for us to better work together at the local level. We appreciate the leadership and vision that the members of

this committee provided, and we also want to compliment the administration for striving for full implementation of the programs. Most but not all of the program rules are out, and we have already heard some testimony today about that.

The 2003 omnibus bill partially resolved the technical assistance issue that we are here today to talk about. We need to permanently resolve that issue. And we have heard to my pleasure the administration, the Under Secretary sat here today at this table, and say they want to resolve this issue as well. So we are excited about that. We need to have those programs to pay for their own technical assistance, and we support solving this problem for the life of this farm bill so that we don't have to keep dealing with it. And I believe I heard one of the members of USDA at this table say something similar to that.

We strongly support not allowing the conservation operations, the CTA Account, the discretionary technical assistance funds to be used to implement the farm bill programs. I believe you heard Chief Knight sat at this table and say there is a huge backlog in that program, the conservation operations account. I would add that it is a program. It is not—it is reviewed by some folks as just a payroll and expense account, but it is a program. It is the original Conservation Program that got conservation on the land. This started, Mr. Chairman, when the dust bowl happened, where you and I live, and that was the original Conservation Program. It still is a viable program, it still works well out there in the countryside, and it does in fact have a backlog of people that walk into the office every day asking for assistance from conservation districts and NRCS, not related to any cost share or farm bill Program.

We urge you to help us ensure that this fire wall that is in this omnibus bill remains in place in the future, so that the millions of farmers, ranchers and other cooperators can get the conservation help they need and want.

Districts supported the concept behind the new CSP program for 25 years. It finally came to fruition in this farm bill, and we are excited about that. We need to ensure that it is a nationwide program, available to all producers on all agricultural lands, and we need to ensure that the program is fully funded. We urge the administration to expedite the CSP rulemaking process in order to get a rule in place and begin implementing this innovative new program this fiscal year.

We have offered comments to their advanced rule making, as many other people have, and we appreciate the effort and the large task that they have in writing rules for a new program. But we urge that to help—or to continue. We fully support the expanded technical service provider initiative to increase delivery of technical assistance to producers. I believe you called it third-party vendor in the law. Even with TSP with the critical—will be critical that we maintain a strong and fully funded NRCS cadre of field technical staff and the infrastructure needed to fully support it.

Mr. Chairman, I was talking to your and my State Conservationist last week, and he said on a different issue, but the President's management initiative, the positions of geologist were being looked at as to being out-sourced. He said I only have one geologist in the whole State. So if I lose one geologist, I don't have anybody on

staff. So he needs at least somebody there to monitor the work of the out-sourced technical service providers, and I think that it is important that we maintain—or that we remain cognizant of that.

We very much support the regional equity, Mr. Holden, provision of the 2002 act. It will help ensure that all States will be able to take advantage of the tremendous funding increases and not just those big commodity States, so we support that.

I would conclude by saying that conservation districts work closely with this subcommittee to make this farm bill a reality, this Conservation Title. Full funding of the Conservation Title provisions will be critical to their success. Notwithstanding the conversation that we just had, that was just had with Mr. Stenholm, we still think that what is authorized in this Conservation Title is very appropriate and that it should be funded. All of the programs should be implemented in ways to ensure that stringent standards are adhered to in order to make sure that the program funds are well spent and fully accounted for. Conservation accomplishments as a result of your work will go a long way toward providing more productive soils, cleaner water and air, and abundant wildlife. The American public will benefit from these efforts.

And I would like to take this opportunity to thank the committee, the subcommittee, and say how much I appreciate the invitation to be here and to offer our comments, and would certainly attempt to answer any questions at the appropriate time. Thank you, Mr. Chairman.

[The prepared statement of Mr. Wilson appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Mr. Wilson. Mr. Faber.

STATEMENT OF SCOTT FABER, POLICY ANALYST, ENVIRONMENTAL DEFENSE, ON BEHALF OF ENVIRONMENTAL DEFENSE, NATIONAL AUDUBON SOCIETY, DEFENDERS OF WILDLIFE, LAND TRUST ALLIANCE, SUSTAINABLE AGRICULTURE COALITION, AND NATIONAL WILDLIFE FEDERATION

Mr. FABER. Thank you, Mr. Chairman. I would like to thank you for holding this hearing today, and especially for introducing H.R. 1907, you and Mr. Holden, and for taking quick action to try and solve this problem.

The organizations I am speaking on behalf of today strongly oppose diverting funds from working lands incentive programs to pay for technical assistance costs of the CRP, WRP, and the two EQIP subprograms. And we share the principles that you laid out in your opening statement, that technical assistance should be mandatory funding from the CCC, that each program should essentially pay for itself, and that the technical assistance costs of CRP and WRP should be over and above those financial assistance costs provided in the farm bill.

And we think it is very clear that those principles were embodied in the 2002 farm bill based on the very clear statutory language, the legislative history, colloquies, the GAO report, and we are disappointed that the administration has not honored the intent of the 2002 farm bill, and we hope we can work with you to somehow persuade the administration to immediately release the CCC funds for

CRP and WRP technical assistance. If we cannot prevail upon the administration to do that, and we do think that despite the passage of the omnibus and section 213 of the omnibus, that the administration still has ample authority to release the CCC funds. If we can't prevail upon them to agree with our opinion, we think it is very important that we seek the funds necessary to implement CRP and WRP in a supplemental appropriation, or whatever the appropriate legislative vehicle is, as soon as possible.

We recognize that that opportunity may not arise for many months, and we think there are three important interim steps that we urge the committee to take as quickly as possible. One is quick passage of H.R. 1907. We are reaching out to many of your colleagues in the Senate to see if we can't have a companion bill introduced as quickly as possible, and get a bill before the President in a matter of days and weeks, not months. Two, we would like to work with you to persuade USDA to reserve 5 million new CRP acres for continuous enrollment options like buffers and CRP. We think that has two advantages. One is that it spreads out the cost of CRP technical assistance over many years. And two, it focuses CRP acres on lands that are typically marginal lands and that should perhaps not be farmed, and preserve the working lands that were really a focus of the 2002 farm bill. And three, we think it is very important to immediately persuade USDA and the administration to pay for the—to compensate third party technical service providers, private technical service providers from section 4 of the CCC Charter Act. There is no reason that EQIP funds are being diverted to pay for private third parties when the Statute clearly permits USDA to seek and receive section 4 CCC funds for that purpose.

No one knows better than you how long the lines are that farmers were facing for EQIP funding and WHIP funding and other working lands incentives. Oklahoma has the largest WHIP backlog in the country. Pennsylvania also has a very large backlog. And those lines will only grow longer if we divert funds from these programs to pay for CRP and WRP technical assistance.

We can't realistically expect farmers to bear the costs and risks of helping to meet our environmental challenges on their own. We have to share those costs, and every dollar that we take away from these working lands programs is simply a dollar that won't be available for those good stewards, and that is why it is so important that we stop these programs from being treated like organ donors, and protect them so that they serve the purpose that the chairman and this committee intended in the 2002 farm bill.

So again, I would like to thank you and urge you to work with us to continue to put pressure on the administration to immediately release the CCC funds. We think they still have ample discretion, despite section 213 of the omnibus, to make those funds available, and hope we can work with you to persuade them to do so. Thank you.

[The prepared statement of Mr. Faber appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Mr. Faber. Mr. Sutherland.

STATEMENT OF SCOTT SUTHERLAND, DIRECTOR OF GOVERNMENTAL AFFAIRS, DUCKS UNLIMITED, ON BEHALF OF DUCKS UNLIMITED AND WILDLIFE MANAGEMENT INSTITUTE

Mr. SUTHERLAND. Thank you, Mr. Chairman, Mr. Holden. I am the last witness. I am going to—I hope I won't make you unhappy and hopefully make you happy by making a very short statement.

You have a copy of our written statement, and we ask it be admitted for the record, put into the record. It provides the bulk of our thoughts. But just to recap very briefly, some of what we think are the major points that need to be made.

I think that all of us agree—I don't think I heard any witness today or any statement disagree that there is a significant number of producers that value, want and need these agricultural conservation programs, and that includes CRP and WRP. The producers have an expectation that the Congress and the White House and indeed all of us helped create, that the acres that were approved in this farm bill will be delivered.

We think that the most important point as you go forward in facing this problem is to look under every rock, to really not just seize on one idea in terms of solving it. We think that actually there may be a blending of possible solutions which lead to the ultimate solutions. We specifically talk about dipping into the C01 Account, as has been done in the past, to help pay for TA. We don't disagree with ED's idea about going back to the administration and pressing again for CCC money. There are some payments being made under some of the current programs that may be possibly right for reexamination in terms of are we getting the best bang for our buck, that sort of thing, some cost savings, efficiency. Bruce Knight talked about that. He's talked about that with us before. It may be a variety. As a matter-of-fact, I will mention one other thing, and that was that a colleague, certainly not Ducks Unlimited, a wise colleague suggested that there may be an opportunity to go back and look at section 4 as an opportunity to try to do more to deliver some of these programs through other partners. That is other money outside of the traditional TA.

All of those things, and Ducks Unlimited is very willing to work with you, Mr. Chairman, Mr. Holden, and others to come around the table, put the numbers on the table, see how much we—come to a number we agree on that is needed for the TA, and then figure out where we can borrow from this pot and that pot and that pot to get some. And reducing acreage, while it is very, very unattractive to us philosophically, we may all need to give something in this deal to get where we need to be.

So we thank you for the opportunity to testify, we thank you for bringing this, and this has been obviously an issue that has been festering. You guys have the courage to bring it up and put it up on the table, and we thank you for that.

[The prepared statement of Mr. Sutherland appears at the conclusion of the hearing.]

Mr. LUCAS. Thank you, Mr. Sutherland.

Billy, from your perspective having been involved in these programs for a good long time, where do you think the TA money should come from for CRP and WRP?

Mr. WILSON. Well, I think it ought to come from the programs. And part of the excuse has been that they are acreage based and not dollar based programs. But there would be a way, there is a way to figure out how to do that, and we thought it made—the farm bill itself, the language in that law made it pretty clear that that was the intent. We support working that out with the administration. I heard Mr. Moseley say today that they were willing to sit down and work with us. I hope by that statement he meant that if his ideas don't necessarily prevail that he would agree with what the consensus is, and that the administration would follow the agreement.

So I would encourage you to take the lead of this subcommittee to begin that dialog, and we will offer any assistance we can to help that along.

Mr. LUCAS. I promise you Mr. Holden and I are going to try to bring them into focus, so to speak, down at the Department.

Mr. Faber, certainly Mr. Holden and I appreciate the support you voiced for H.R. 1907. You mentioned the potential of adding another 5 million acres of CRP as one of the goals of ED. What do you think that would cost? Just—I can't help but ask the question.

Mr. FABER. Well, to clarify, what we would propose is to reserve of the new acres that you authorized 5 million acres for continuous enrollment. That would ultimately limit the size of the signup that is going on right now so that the costs of—the administrative costs of the signup, the immediate administrative costs of the signup would be reduced. There are about approximately 7 million new acres available between now and the next farm bill. If you set aside 5 million for buffers and other high value lands, then that would essentially put a break on the scope of this signup; 23 Senators, including 11 Republicans, recently sent a letter suggesting something like that.

And it is hard to predict what the costs, the additional TA costs of all of that continuous enrollment would be, as you heard earlier. Continuous enrollment TA costs are a little bit higher than general signup TA costs, and I could try to get an exact number from you. You know how hard it is to get an exact number from our friends at NRCS and FSA, but I will try to do that.

Mr. LUCAS. Absolutely. Mr. Sutherland, you made comments about potentially using the CO Accounts and other potential appropriated sources of funding. Have you all had conversations with the Department on these topics? What kind of response have you had back, if you have, and how have they responded to your positive encouragement?

Mr. SUTHERLAND. Well, any discussion we have had, I am sure they wouldn't appreciate me putting them on the record. But unofficially, there has been willingness to look creatively at solutions from down at the Department. On an unofficial basis, which is usually the way I talk to those folks, they haven't rejected anything out of hand really. They seemed willing to talk, so—and if I might, while I appreciate my good friend here, Mr. Faber, I will say that Ducks Unlimited has a diametrically opposed view to the 5 million, reserving 5 million acres of the current CRP allocation for continuous signup. Ducks Unlimited uses continuous signup, CRP, et cetera, around the country in many States. We have two biologists

on the ground in Pennsylvania working on implementing CRP right now.

But that said, this idea was floated during the consideration of the farm bill. As an old friend from Tennessee used to say, that dog didn't hunt then, and we don't—Rosemarie Watkins sat in the chair I am sitting in a little bit ago and talked about the remaining acres in CRP, and it not being used. We think that was part of the problem. The last administration did reserve a large number of acres for the continuous signup. The demand wasn't there at that time, and when we came to reauthorization of the bill, I remember the chairman of the full committee looking at us in the eye and saying you haven't used all of the CRP you have, why do you need more? We couldn't use it, was the answer. I am afraid I just don't want to get back into that trap again.

Mr. LUCAS. Understood. And in all fairness from past experiences, continuous in CRP tend to be more expensive than the traditional CRP acres as far as TA, just for background.

Well, I appreciate the insights and the observations and support of all of you, and I now turn to Mr. Holden.

Mr. HOLDEN. Thank you, Mr. Chairman. I thank the panel for their testimony.

Mr. Wilson, I want to ask you the same question that Mr. Stenholm asked the Deputy Secretary a little earlier this morning. Do we know how many landlords and operators are coming into local NRCS offices and aren't doing any work or planning that is related to a mandatory funded conservation program?

Mr. WILSON. Last year, we served over 3 million cooperators in our 3,000 district offices across the country, and we anticipate it be at least that many this year. Now some of those obviously are related to farm bill, but a vast majority of them, especially in certain parts of the country, are not related to farm bill or cost share programs.

Mr. HOLDEN. OK. Thank you. And then finally, gentleman, again a question that Mr. Stenholm asked earlier. Due to the budget instruction, this committee has recently received, do you believe that all of our conservation programs are necessary and have a role to play in helping our producers protect and enhance our soil, water and wildlife resources, or is there areas that should be on the table for cuts?

Mr. WILSON. OK. I will go first. We believe that this farm bill with this Conservation Title has a cadre of programs that will address the natural resource needs on the working lands in this country. And while you could argue all day that you could combine programs and maybe get the same result, when you look at the entire Nation, you can't write one program fits all. It doesn't work that way. Some of these programs are obviously more useful in some parts of the country than they are others. So I don't see any problems with the number of programs that we have right now. I think if we can get those programs and get them implemented, it is going to be a long ways to go a long ways towards addressing the backlog that we have needed, and I believe Terry Detrick pointed out that agriculture has given and given and given over the past history, and this farm bill gave some back. Well, that is certainly true in the Conservation Title, I think. So maybe I am not the right person

to answer this question. But I don't see anyplace where there is any fraud or waste or anything. As I said in my statement, there are some opportunities I feel like, for better communication and better working relationships in some areas between Government agencies and partners, but by and large, it is high time the citizens in this country in this farm bill, working through you, the Congress, stated that they are willing to put their resources toward the preservation and the conservation on the working lands in this country. And I believe they made a pretty loud statement, and I think we ought to listen to that.

Mr. FABER. OK. Let me try to answer that question in this way. When you began to write the 2002 farm bill, farmers were facing approximately a \$4 billion backlog of unmet need for working lands and easement programs. This year will provide slightly less than \$3 billion. So just based on the current backlog, we are still going to continue to reject about 1 in 4 farmers and ranchers who are offering to help meet our environmental challenges, but are facing some new costs and risks when they do so. The size of the backlog, according to many folks in NRCS, is going to grow even more, in part because of all of the new money you have provided in the farm bill. Demand will be greater than we could have ever imagined. And I think it is safe to say, that half or more of the farmers who will be seeking financial assistance and technical assistance over the next few years will continue to be turned away, despite the significant increase that was provided in the 2002 farm bill. So I think the answer is really how much more should we be providing, not how much less can we provide. And the fact that one Justice Department lawyer has essentially said it is perfectly fine to take \$150 odd million away from those farmers is really troubling to most of us.

Mr. HOLDEN. Thank you. Mr. Sutherland.

Mr. SUTHERLAND. Well, I would echo Scott's thought that the guys—the folks who are over subscribing these programs are the producers, and certainly the demand is out there.

The part of your question you asked whether these programs are necessary and good, certainly they are. They are good programs. They are delivering. We are looking forward to having some of these new ones begin to deliver. But frankly, CRP for whole field, for big grass as we call it, is the most productive program for water fowl in the history of the United States. It is the most productive Government program for producing water fowl. And pardon me, but that is the hat I wear.

There was a question similar to this to the last panel, and the gentleman from Oklahoma talked about CRP and the rates and things like that. One point that might be at least examined is that in the EVI for CRP right now, you can accrue more points by—you can lower your bid and accrue more points. That idea might be looked at for other conservation programs. You might be able to score more points, some of these other things, and ultimately achieve a cost savings for the Department as a result of that kind of a thing. Let people be a little creative, take the head a little on their own in order to get in.

Mr. HOLDEN. Thank you. And thank you, Mr. Chairman.

Mr. LUCAS. Thank you, Mr. Holden. Clearly we accomplished great things in 2002. And as all of the panels have made it very clear, we have an obligation to the resources of this great Nation to continue to build on those successes from 2002 the farm bill.

Without objection the record of today's hearing will remain open for 10 days to receive additional material and supplemental written responses from witnesses to any question posed by a member of the panel. This hearing of the Subcommittee on Conservation, Credit, Rural Development and Research is adjourned.

[Whereupon, at 12:53 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF THE HON. JAMES P. MCGOVERN, A REPRESENTATIVE IN CONGRESS
FROM THE COMMONWEALTH OF MASSACHUSETTS

Chairman Lucas, Ranking Member Holden, and members of the subcommittee, Thank you for allowing me to testify before you today. I offer my testimony on behalf of the 6,100 farmers located in my home State of Massachusetts.

When people think of agriculture, they don't usually think of Massachusetts. But contrary to popular belief, Massachusetts has one of the most diverse agricultural sectors in North America. From its status as a leading producer of cranberries to greenhouse and nursery crops, Massachusetts farmers rank second nationally in total value of direct sales to consumers. More than 80 percent of Massachusetts's farms are family owned and over 93 percent fit the category of "small farms" according to the U.S. Department of Agriculture.

If these successes weren't enough, Massachusetts farmers produce these results in the third most densely populated State in the country. Clearly this agricultural sector can benefit from the conservation programs found in the Farm Security and Rural Investment Act of 2002.

Although I had some misgivings about a few provisions in the Farm Security and Rural Investment Act, I voted for the bill and for the conference report because I believed the good provisions outweighed the others. I am deeply disappointed to learn that the U.S. Department of Agriculture has failed to implement the regional equity language found in the Farm Security and Rural Investment Act of 2002.

As you all may know, section 2701 was included in the Farm Security and Rural Investment Act to assure that all States would be treated fairly when it came to the distribution of conservation funds. According to section 2071, if a State receives less than \$12 million in total funding in any given fiscal year for conservation programs subject to regional equity, the State should receive priority for any approved applications it may have for these programs on April 1 of that year, up to \$12 million. Programs subject to this regional equity provision include:

- Environmental Quality Incentives Program (EQIP)
- Wildlife Habitat Incentives Program (WHIP)
- Farm and Ranch Land Protection Program (FRPP)
- Grassland Reserve Program (GRP)
- Conservation of Private Grazing Land Program (CPGL)
- Great Lakes Basin Program
- Grassroots Source Water Protection Program

Of the programs subject to the regional equity provision, EQIP, FRPP and WHIP are the only programs currently applicable in Massachusetts.

Massachusetts has a significant backlog of applications for each of these three programs. The amount of funding for the applications that the Natural Resource Conservation Service at USDA had on file for each of the programs, as of statutory deadline of April 1, was in excess of \$23 million. Despite this considerable backlog of applications, the fiscal year 2003 allocation received for these three programs totaled merely \$4.3 million.

Despite the clear legislative direction from Congress, as stated in the Farm Security and Rural Investment Act, USDA has not implemented the regional equity provision for the current fiscal year. This could have potentially devastating effects for the farmers in my State.

Of course, I have not received any prior notice that USDA had chosen this course of action. As I understand their position, officials at USDA do not believe that they are under any obligation to comply with the regional equity provision because NRCS did not receive an allocation from the Office of Management and Budget until after April 1. Yet there is no language about the allocation process written in the regional

equity provision. It is clear to me that it was not the intent of Congress for the administration to avoid regional equity by delaying the allocation of conservation funds.

Simply, Mr. Chairman, USDA had full knowledge of the millions of dollars of pending conservation applications from Massachusetts and should have used the regional equity provision to reduce these backlogs.

It is my understanding that USDA has not yet allocated all conservation funds. I look forward to working with the members of this committee and with the officials at USDA to rectify this mistake. I respectfully ask that the committee request that USDA allocate remaining conservation funds to fully comply with the regional equity language found in section 2701 of the Farm Security and Rural Investment Act of 2002.

Mr. Chairman, this is of great importance to the livelihoods of many farmers in Massachusetts. Farms in Iowa may be larger than those of their counterparts in Massachusetts in terms of size and farms in Nebraska may eclipse the overall production of similar farms in Massachusetts, but no farmer is more important than another. I believe that the committee tried to do the right thing by helping to enact the Farm Security and Rural Investment Act into law. Now I hope the committee will do the right thing and help free these funds for farmers like those in Massachusetts who really need the assistance Congress originally intended for them.

Thank you, Mr. Chairman and members of the committee, for the opportunity to testify before you today. I look forward to working with you on this important matter.

STATEMENT OF JAMES R. MOSELEY

Thank you for the opportunity to appear before you today to discuss implementation of the Conservation Title of the Farm Security and Rural Investment Act of 2002. I would like to focus the thrust of my statement regarding the various issues surrounding technical assistance, however, I would like to first take a moment to emphasize the importance of private lands conservation by our Nation's farmers and ranchers. I want to thank Members of this Subcommittee for their continued strong support of conservation, which largely resulted in the innovative provisions in the 2002 farm bill.

One year ago, we witnessed enactment of one of the most important pieces of conservation policy in the 2002 farm bill. The President supported and welcomed a strong conservation title in the farm bill, as he recognizes that for farmers every day is Earth Day, and that the effective conservation programs included in the bill enables farmers to be better stewards of our Nation's natural resources. The legislation responds to a broad range of emerging conservation challenges faced by farmers and ranchers, including soil erosion, wetlands conservation, wildlife habitat improvement, and farm and ranchland protection. Private landowners will benefit from a portfolio of voluntary assistance, including cost-share, land rental, incentive payments, and technical assistance. The farm bill places a strong emphasis on the conservation of working lands—ensuring that lands remain both healthy and productive. The legislation has also placed tremendous responsibilities upon the Department, especially the Natural Resources Conservation Service and Farm Service Agency.

The men and women of the Department have made impressive progress in one year on implementation of the farm bill Conservation Title. To date, we have published final rules for six programs, and have proposed rules out for public comment on several others. Staff have worked hard to prepare and update technical standards and specifications and ensure that as much information as possible is available in electronic format and user-friendly for our customers.

FUND AVAILABILITY

A little more than 1 month ago, we released the funding allocations to States for the NRCS conservation programs. Through these allocations, more than \$1.8 billion has been made available to conduct programs where we provide technical and financial assistance to farmers and ranchers. An additional \$1.6 billion has been issued to farmers and ranchers under the Conservation Reserve Program. And beyond allocating the funds, we have been working expeditiously to set in place the program guidelines and technical tools needed to implement these conservation opportunities on the ground. Given the widespread provisions and complexity of the farm bill, I think this record is a testament to the hard work and dedication of our staff and

I am proud of what we have accomplished. One year after enactment, we are open for business, and ready to meet the needs of farmers and ranchers.

Unfortunately, the issue of funding for technical assistance has not been resolved through passage of the 2002 farm bill or the subsequent Omnibus and Emergency Supplemental appropriations bills. We understand and fully share the frustration that Members of Congress have expressed over this long-standing issue. This issue has roots that are nearly a decade old. In order to gain a better understanding on which to base our discussions, I would like to provide an historic overview of the technical assistance issue.

WHAT IS TECHNICAL ASSISTANCE?

When boiled down to the most simple terms, conservation assistance is comprised of two components: financial and technical. In the case of USDA programs, financial assistance takes the form of cost-share payments, land rental payments, or easement acquisition purchases. Technical assistance, on the other hand, represents in-person advice and consultation from conservation experts in the field. In addition to FSA's Agricultural Conservation Program providing funding for installation of conservation practices, technical assistance has been the basis of USDA's mission in conservation, since 1935, when the Soil Conservation Service was first formed. Field staff analyze soil types, gain an understanding of the farmer or rancher's goals, and provides a conservation plan and assistance in implementing the plan. NRCS has a specific line-item in its budget called "Conservation Operations Technical Assistance" which for nearly 60 years has represented this ongoing effort of providing conservation technical assistance to farmers and ranchers.

Over the years, as agriculture and conservation issues have gained complexity, conservation technical assistance has become more involved. The field conservationist considers natural resource factors, including soil, water, air, plant, and animals when providing conservation assistance. Conservation technical assistance might involve providing advice on a crop rotation, implementing conservation tillage, or helping to implement a nutrient management plan. On the more complex side, conservation technical assistance might include developing an entire animal waste system, including design, engineering of containment structures and distribution systems.

Looking at an historic timeline, financial assistance evolved as a means of helping producers cover the cost of applying conservation measures to their land. Cost for constructing fences, developing livestock watering systems, making irrigation improvements, constructing terraces, or removing environmentally sensitive lands from production are just a few examples of the kinds of conservation improvements that USDA funding helps farmers implement.

How Does the Conservation Technical Assistance Program Relate to Financial Assistance Programs? As conservation cost-share, land retirement, and easement programs were developed, funding for a corresponding technical and financial assistance component was included as well. That is to say, while a producer might have a conservation plan in place with production and conservation goals and strategies established in the plan, the specific design and implementation of the funded project would be funded by the program. In short, Conservation Operations provided an important part of the technical assistance cost for farm bill conservation programs, while the financial assistance programs provided both cost share assistance to help producers finance projects and technical assistance funding for the design and implementation work that producers needed as well.

WHAT WENT WRONG?

The major shift in program structure that produced the current problem occurred in the 1996 farm bill. Essentially, new and revised conservation programs, which had been previously funded through discretionary appropriated accounts became "mandatory spending" under the Commodity Credit Corporation (CCC). While this would not have been a problem in and of itself, a provision of the 1996 farm bill caused major ramifications.

Section 161 of the Federal Agriculture Improvement and Reform Act of 1996 (1996 farm bill) amended section 11 of the CCC Charter Act. This section allows Federal and State government agencies to be reimbursed for service provided to implement the CCC programs. The 1996 farm bill capped the amount of money which can be reimbursed to agencies under section 11. This amount was the sum total spent under section 11 authority by the CCC on various USDA programs in fiscal year 1995, before the CCC was given the expanded conservation program responsibility. The cap does not provide sufficient funding to adequately implement the technical assistance under conservation programs authorized in the 1996 farm bill.

Although modest amounts of funding under section 11 authority has been used, most needs were met with carry-over appropriated funding balances remaining from previous spending authority—the carry-over funds have since been depleted. A limited amount of new funds were also appropriated by the Congress to reimburse NRCS for technical assistance to implement the CCC-funded conservation programs. In addition, as discussed above, a significant portion of NRCS's Conservation Operations account was also used to pay the technical assistance costs needed to deliver the farm bill conservation programs. In fiscal year 2002, over \$100 million was used to provide technical assistance to producers for farm bill programs.

THE 2002 FARM BILL AND OMNIBUS APPROPRIATIONS BILL

The 2002 farm bill included language regarding the funding of technical assistance, but this language resulted in varying interpretations. The language was added during the Conference committee's consideration of the farm bill. The conference committee also deleted a Senate provision that would have amended section 11 by "excluding transfers and allotments for conservation technical assistance" from the section 11 limitation. Congress made these changes in Conference in order to avoid the Congressional Budget Office (CBO) scoring the 2002 farm bill at a substantially higher amount. In the face of Congress adding this new technical assistance language and dropping the Senate amendment to section 11, the General Counsels for USDA, CBO, and the Office of Management and Budget (OMB) concluded that Congress kept in place the section 11 limitation on the CCC's technical assistance spending for the conservation programs. USDA and OMB also concluded NRCS's Conservation Operations account was available to fund technical assistance activities under the farm bill programs.

The General Accounting Office (GAO), however, disagreed with USDA, CBO, and OMB and concluded that the section 11 cap no longer applied and that the 2002 farm bill provided authority to fund technical assistance from mandatory funds. GAO also concluded that appropriated funds could not be used to implement the farm bill programs.

On January 3, 2003, the Justice Department Office of Legal Counsel (OLC) issued a legal opinion that concluded that the section 11 cap did apply, and that existing appropriated funds from the Conservation Operations account could be used to fund technical assistance for the farm bill conservation programs. Because OLC is the ultimate arbiter for the executive branch on legal issues, the OLC opinion is binding on the Department.

In response to the opinion and to ensure effective implementation of the conservation programs, the President proposed in a budget amendment to the fiscal year 2003 Omnibus Appropriations bill and in the fiscal year 2004 Budget a new mechanism for funding farm bill conservation technical assistance costs. The proposal would have created a dedicated, discretionary account in NRCS's budget that funded all of the farm bill conservation programs' technical assistance needs.

The Consolidated Appropriations Resolution of 2003 (Omnibus Appropriations Act) did not, however, incorporate the administration's proposal. Instead, the Act directed that technical assistance activities be funded from four programs: the Environmental Quality Incentives program (EQIP), Wildlife Habitat Incentives program (WHIP), Grassland Reserve Program (GRP), and Farm and Ranchlands Protection program (FRPP) to support technical assistance needs of these programs, as well as the Wetlands Reserve Program (WRP) and Conservation Reserve Program (CRP). The Omnibus Appropriations Act also prohibits NRCS from using appropriated funding from the Conservation Operations account to support farm bill conservation programs.

The following two graphics display how the Omnibus Appropriations Act technical assistance approach functions:

Current Status. USDA is implementing the law and providing funding in accordance with the directives provided by the Omnibus Appropriations Act. This approach has resulted in less financial assistance being available for the four donating programs in carrying out conservation projects and conservation practices than many producers had expected. The total level of financial and technical assistance funding under this arrangement, however, still exceeds the total conservation spending under the 1996 farm bill.

In contrast, the President's Budget Amendment for fiscal year 2003 and subsequent Budget submission for fiscal year 2004 proposed a dedicated technical assistance account that would fund all activities associated with the farm bill conservation program implementation.

We believe that the President's Budget proposal for a dedicated technical assistance account for farm bill implementation would be the best approach and we urge

its adoption. The 2004 Budget proposal maximizes the amount of financial assistance dollars to help producers install conservation projects while also ensuring that there will be adequate technical assistance funding to deliver the programs. It also increases the level of accountability and transparency of the conservation programs' cost of delivery—all of the necessary technical assistance funding is provided through one account. Importantly, the 2004 Budget proposes to use a portion of NRCS's Conservation Operations account, as has been done historically, to help deliver the farm bill programs. This allows for more mandatory dollars to be used for financial assistance to producers to install conservation projects.

In fiscal year 2004, the budget requests \$432 million for this new account and it would be funded through a combination of sources. The budget proposes reducing the farm bill programs' funding levels by 15 percent and then appropriating this total amount into the new discretionary technical assistance account. In this way, all of the dollar-limited programs provide an equitable share of their resources to fund technical assistance. The budget also follows historical precedent and transfers a portion of the Conservation Operations account to the new technical assistance account. Finally, the budget provides additional resources to the new account through a general appropriation increase in order to help cover the technical assistance of the non-dollar-limited programs, such as the Conservation Reserve Program and Wetlands Reserve Program.

Streamlining. While the debate on this issue has evolved into a discussion of which accounts should cover the cost of technical assistance, both NRCS and FSA have been making concerted efforts this year to improve and streamline business processes where possible. I am very proud of the gains that have been made to strengthen service to customers, and to speed planning at the local level including deployment of the customer service toolkit—a computer-based conservation planning system. For fiscal year 2003, NRCS has reduced technical assistance needs required for the EQIP program and continues to make improvements. Technical Assistance costs have been reduced by \$2.7 million for fiscal year 2003 and \$3.7 million for fiscal year 2004. We are looking at reduced cost opportunities for each of our programs. By mid-summer we will assess the technical assistance needs and funding available and sweep accounts in order to convert any unused technical assistance funding back into program dollars.

We have also recently proposed rule changes for the Conservation Reserve Program (CRP) and continue to make streamlining and implementation improvements. For this sign-up, the Farm Service Agency will develop and rank eligible CRP offers using the Environmental Benefits Index (EBI) for environmental benefits to be gained from enrolling the land in CRP. Decisions on the EBI cutoff will be made after the sign-up ends following analysis of EBI numbers of all the offers. We believe that landowners and our field staff will benefit from the improved process.

In addition to the time savings, an estimated \$8 million in technical assistance costs will also be saved with an expected Environmental Benefits Index error rate reduction from over 40 percent to less than 5 percent.

Beyond savings in time and technical assistance costs, we have also seen substantial improvement in accuracy using common computing environment technologies. CRP is the first program with widespread use of GIS. In addition, FSA also developed a personal computing tool that utilizes new national data bases. FSA has replaced the error-prone manual process of previous general signups with automated land eligibility, acreage determination, rental rate calculation, forms preparation, and environmental benefits index calculations. The new offer process reduces county office entries by over 90 percent while increasing the accuracy of the determination.

In the near term, FSA's goal is to expand the CCE software to include continuous sign-up and farmable wetlands program functionality and, ultimately, to enable producers to make offers online using their home PC.

Increasing Third-Party Technical Assistance. With the historic increase in conservation funding made available by the 2002 farm bill, NRCS will look to non-Federal partners to supply much of the technical assistance needed to plan and oversee the installation of conservation practices. NRCS will use the new Technical Service Provider (TSP) system authorized in the farm bill to facilitate this technical assistance delivery. The TSP system ensures that producers have the maximum flexibility for choosing a third-party provider to work on their land, while also ensuring that TSP providers are properly certified and meet NRCS standards.

Interest in the program has been impressive, and NRCS also continues to sign MOU's with outside organizations to assist with these efforts. But we know that while TSP's will greatly enhance our work, they will not take the place of our trained field conservationists.

In addition to this administration's strong commitment to conservation, I would like to leave you with the following:

Technical Assistance is important, both in helping producers plan and apply non-cost shared measures through the NRCS Conservation Technical Assistance Program AND as a component of each of our farm bill Conservation Programs.

Through a series of events over the past decade, technical assistance funding mechanisms have become increasingly convoluted.

Funding procedures for technical assistance under current law result in inequities as only a few programs provide a disproportionate share of the technical assistance funding needs for all conservation programs.

The President's Budget Proposal for an appropriated, dedicated farm bill Technical Assistance account is the best approach and should be enacted.

As we look ahead, it is clear that the challenge before us will require dedication of all available resources—the skills and expertise of the FSA and NRCS staff, the contributions of volunteers, and continued collaboration with partners. Conservation Districts, Resource Conservation and Development Councils, FSA farmer-elected county committees, and many valuable partners continue to make immeasurable contributions to the conservation movement. It is this partnership at the local level that makes a real difference to farmers and ranchers. As we move forward, we will accelerate the use of third-party sources of technical assistance and make every effort toward improving efficiencies. We recognize that the workload posed by future demand for conservation will continue to be strong and seek to complement our resources with an appropriate system of qualified expertise. We will continue to do our best to provide quality conservation programs for America's farmers and ranchers.

The enactment of the Farm Security and Rural Investment Act of 2002 represents one of the most significant opportunities and challenges in the history of American private land conservation. Pressure from natural resource challenges and associated regulatory activity will mean an ever-increasing sense of urgency on the part of farmers and ranchers to get conservation practices on the ground. Adequate and uninterrupted funding to provide technical assistance is critically important. The President's budget proposal represents an important step in the direction of the Nation's conservation efforts.

It will take a strong focus and resolve if we are to be successful. I am proud of the tenacity that our people exhibit day in and day out as they go about the work of getting conservation on the ground and I believe that we will be successful. I look forward to working with you as move ahead in this endeavor.

This concludes my statement. I will be glad to answer any questions that Members of the Subcommittee might have.

STATEMENT OF ROSEMARIE WATKINS

The American Farm Bureau Federation appreciates the opportunity to testify before the House Agriculture subcommittee on Conservation, Credit, Rural Development and Research.

Technical Assistance Funding. The subcommittee has specifically requested that we address the issue of Natural Resource Conservation Service (NRCS) conservation program technical assistance funding. Farm Bureau is extremely concerned about the ongoing shortfall of technical assistance funding for the Conservation Reserve Program (CRP) and the Wetland Reserve Program (WRP). In FY03, this shortfall will result in a substantial cut in funding for the Environmental Quality Incentive Program (EQIP) and other conservation programs in order to deliver CRP and WRP. This comes at a time when EQIP has a significant application backlog. We believe every program must cover its own technical assistance delivery costs. The Chairman's bill is a good first step in providing guidance. In the case of CRP and WRP, USDA should calculate the delivery cost of program enrollment. Acres available for an enrollment should be reduced to the level necessary to fund technical assistance needs and compensated for program delivery cost. We are not suggesting a reduction in the statutory cap of 39.2 million acres. CRP has never been fully enrolled and WRP yearly acreages have varied. The programs and their goals would not be sacrificed or jeopardized in any way. In this manner the programs could cover their own costs without incurring additional budget obligations or taxing other programs. We urge Congress and the administration to work together to resolve this issue. The integrity of the Farm Security and Rural Investment Act of 2002 is critical; resolving this issue in a timely, straightforward way is essential. Farm Bureau supports full funding of the farm bill and opposes any action that upsets the financial balance.

Conservation Program Delivery and Implementation. Farm Bureau was a strong advocate for increased conservation funding and technical assistance in the 2002

farm bill. Conservation has increasingly become a priority for Farm Bureau members. The pressure of local, State and Federal environmental regulation has increased significantly during a time when farmers and ranchers are financially stressed. Conservation cost-share and incentives are essential to assist producers in addressing public concerns relating to the environment.

Conservation planners are confronted with overlapping issues of endangered species and wildlife management, wetlands protection, nutrient management, air quality regulation, integrated pest management, and water quality issues, in addition to soil erosion. We can expect planning challenges to increase as the complexity of environmental regulation grows. President Bush has been a strong advocate of incentive-based solutions. If the farm bill conservation programs are to be successful, adequate technical assistance will be key. USDA must be able to demonstrate that voluntary, incentive-based conservation programs can be successful in addressing environmental issues and serve as an alternative to a more costly and burdensome regulatory approach.

Technical Service Providers. One important component of program delivery will be the utilization of technical service providers. Farm Bureau supports the use of third-party technical service providers to ensure conservation program delivery. We recognize the challenges NRCS faces in terms of limited government manpower for program delivery. The situation is compounded by the increasing regulation of agricultural production, which has made conservation planning significantly more complex and time-consuming.

We have some concerns regarding implementation of the technical service provider program:

- The confidentiality of information provided to technical service providers must be protected. Farmers and ranchers are increasingly concerned regarding the utilization of information provided as part of program participation. Outside agencies have attempted to use program information for regulatory and other purposes. The farm bill specifically exempted such information from distribution to other agencies of government and from disclosure under the Freedom of Information Act. This protection must be extended to information made available to third party technical service providers. NRCS must work to assure that third-party contractors are subject to stringent confidentiality requirements. NRCS should explore all means available for accomplishing this goal; including making it a condition of certification and offering standardized contracting language.

- Technical service providers must be bonded and have appropriate liability insurance. Bonding and insurance will be vitally important to producers to assure that they are protected and not held liable for inferior planning and services. We have been made aware that in some States liability insurance may not be available for some practices or is cost-prohibitive. NRCS should review bonding and insurance issues on a state-by-state basis to assess availability. Lack of insurance coverage could create a shortfall for technical service providers and hamper program delivery. NRCS should consider a means for providing liability insurance for service providers.

- Payment rates for technical service providers are to be based on NRCS' cost of service. When calculating cost of service, the rate should be based on actual NRCS cost. The calculation of actual cost must include all costs (insurance/liability, office/administrative, et cetera.)

- The regulations lay out a complex system through which producers can utilize third-party technical service providers. Errors in timing and contracting procedures could result in producers not being reimbursed for planning costs. It is essential that NRCS produce a plain-English, step-by-step procedure guide for producers planning to utilize technical service providers.

Environment Quality Incentives Program. The EQIP final rule was released late last month, making it difficult to assess program delivery. We will be working with State Farm Bureaus to monitor implementation. Farm Bureau is a strong supporter of EQIP and the improvements to the program made by the Congress in the farm bill. We encourage the administration to move forward with implementation of this program.

With regard to implementation, we would like to emphasize the following points:

- We are concerned that there may be attempts by some groups to reestablish animal unit livestock caps. We would object to any attempt to reinstate size caps for determining program eligibility.

- Priority setting will be key to all funding allocations and success of the program. The EQIP program was specifically targeted to assist farmers in complying with regulations, such as, but not limited to, CAFO/AFO and other nonpoint source concerns, reduced ground-water contamination, conservation of ground and surface water, air quality issues and soil erosion. When establishing national and local

funding priorities emphasis should be given to assisting farmers and ranchers complying with local, State and Federal regulations. State allocations should also be tied to regulatory compliance needs.

- We believe that State incentives in the final rule are inappropriate. The failure of a State conservationist to achieve a goal should not be a burden placed on agricultural producers. The adequacy of the State conservationist should not be reflected in funding or allocations available to a State.

- The regulation states that an authorized NRCS representative has the right to enter a unit or tract for program purposes. The rule provides that the authorized NRCS representative should make a reasonable effort to contact the participant prior to access. Farm Bureau does not believe it is sufficient for the representative to merely make an effort to contact the producer. The authorized NRCS representative must have permission from the producer before accessing the property.

Conservation Security Program. During the farm bill debate Farm Bureau was a strong supporter for the establishment of a new type of conservation incentive program. We believe that agricultural producers must receive assistance to help defray the cost of ongoing environmental improvement and regulation. The Conservation Security Program (CSP) will assist farmers to achieve environmental goals and reward them for improved environmental performance. We believe CSP must be available to all producers nationwide. We continue to believe that this program is extremely important. The program should be fully funded and should be implemented as a nationwide program. Since no rules have been published for implementing the program, we will focus on issues raised in the Advance Notice of Proposed Rule-making (ANPR):

- The ANPR appeared to focus on narrowing the scope of the program to target geographic priority areas or identifying areas for focus based on specific resource problems. We believe this approach runs contrary to the intent of the program. The Environmental Quality Incentives Program is specifically targeted toward assisting producers in making infrastructure improvements required to address identified environmental regulations and issues. CSP should be more broadly available to assist with and reward overall environmental improvement, including good stewardship.

- NRCS requested comments on the definition of “entire operation” for tier 2 and 3 purposes; our recommendation is that “entire operation” be defined as contiguous acres that are part of an agricultural operation. An “entire operation” may include as part of the “entire operation” land rented or leased during the CSP contract period; however no producer should be excluded from program participation if they do not control the rented or leased land for the entire term of the contract. Should CSP contract land change during the contract period, the CSP contracts would be amended to reflect revised acreage and practice changes. Producers would not be subject to penalties or violations related to changes in landholdings.

- NRCS also requested comments on whether multiple contracts could be stacked across separate agricultural operations. We believe contracts could be stacked as long as the acreage is not contiguous. Contracts could also be stacked across Tier types; however no producer would receive a cumulative payment under CSP in excess of \$45,000 per year.

Performance measures. During the farm bill debate some members of the committee raised the question of performance measures. Farm Bureau recognizes that performance measurements are necessary to demonstrate the effectiveness of conservation programs such as CSP. However, many environmental improvements cannot be measured directly or immediately. Improvement may take years to be realized. We recommend that NRCS establish a measurement system based on reference sites and environmental models. This information should be used to provide a measurement of program success and accountability.

In conclusion, conservation financial and technical assistance are critical tools for assisting farmers and ranchers in addressing resource needs. Adequate conservation planning will be essential for program delivery NRCS must work with every segment of agriculture to ensure program success and broad participation. The programs encompassed in the farm bill offer tremendous opportunity for NRCS and agriculture but delivery will be challenging. Those who support American agriculture must work together to ensure success.

While we have focused primarily on technical assistance related to EQIP and CSP, we would be happy to answer questions regarding other conservation programs.

Thank you and we look forward to working with the chairman and the committee on these issues.

STATEMENT OF SCOTT SUTHERLAND

Mr. Chairman, members of the committee, my name is Scott Sutherland. I am the director for Ducks Unlimited, Inc.'s (DU) governmental affairs office in Washington, DC. I am a professional conservationist. I have worked for DU since 1990 and am currently responsible for overseeing DU's advocacy for habitat-based Federal conservation programs.

Ducks Unlimited was founded in 1937 by concerned and farsighted sportsmen and conservationists. It has grown from a handful of people to an organization of over 1 million supporters who now make up the largest wetlands and waterfowl conservation organization in the world. DU has conserved almost 11 million acres of wildlife habitat in the U.S., Canada, and Mexico. We pride ourselves on our cooperative work with private landowners on working lands to assist them in meeting their economic and production goals while providing high quality habitat for the wildlife that depend on their land for survival.

The Wildlife Management Institute (WMI) was established in 1911 by sportsmen/businessmen gravely concerned about the dramatic declines of many wildlife populations. Its founders saw the need for a small, independent and aggressive cadre of people dedicated to restoring and ensuring the well being of wild populations and their habitats. WMI continues to be a professional conservation organization with highly trained staff that work to improve the professional foundation of wildlife management.

I appreciate the opportunity to speak with you today on behalf of Ducks Unlimited and the Wildlife Management Institute.

Over the past two decades, conservation programs of the farm bill have played an integral role in the economic vitality and general well being of this Nation's farmers, ranchers, and foresters. In addition, they have improved conservation on private lands by enhancing and protecting wildlife habitat, water quality, and soil quality. The increased role and importance of conservation in agriculture and its role in private lands stewardship has led to consensus and partnerships among government and private interests including commodity groups, individual producers, livestock organizations, and the wildlife conservation community. Voluntary, incentive-based conservation provisions included in the farm bill have provided the framework for win-win solutions on the farm and across the rural and urban landscapes. Congress recognized the success of and demand for these conservation programs when it passed the 2002 farm bill, increasing the acreage caps of both the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). To ensure that all of these new acres actually reach the ground, sufficient funding for both technical assistance and program costs must be available.

Historically, technical assistance funding was provided through the Commodity Credit Corporation (CCC) until the so-called section 11 Cap in 1996. Since that time the Natural Resources Conservation Service (NRCS) Conservation Operations Account (CO1) provided most of the technical assistance funding. We are aware that the omnibus appropriations bill has removed the technical assistance funding from the CO1 Account for the conservation title of the farm bill. In response, in order to cover technical assistance costs for some conservation programs, program managers have used funds from other programs, and thus, reduced their effectiveness in protecting air, water, soil, and wildlife resources. Some solutions to this issue that focus primarily on using funds that will effectively remove substantial acreage from both CRP and WRP despite the high demand for these programs by landowners. We are concerned that this situation will lead to a loss of funding that actually reaches the ground in the form of program acres for landowners. We believe that should be the last option used to find necessary funds and should be used only after all other options are exhausted. We would like to remind Americans of the broad public benefits of both of these programs and suggest possible alternatives for meeting the technical assistance funding demand without reducing the authorized acreages of these very popular programs.

CONSERVATION RESERVE PROGRAM

No program in history has done more for landscape-level conservation of soil, water, and wildlife habitat on farmland while offering producers a significant and stable source of income than CRP. The 2002 farm bill increased the acreage cap on CRP from 36.4 to 39.2 million acres, with the clear implication that an additional 2.8 million acres of CRP contracts would be available to producers. CRP has been very popular with landowners, as evidenced by the demand for land enrollment (acres bid) often exceeding availability by a 3 to 1 ratio.

CRP not only reduces erosion, but also provides habitat for many species of wildlife across the country. It has been especially important where cropland had replaced grassland on marginal soils. When left relatively undisturbed, CRP grasslands furnish extremely desirable nesting and brood-rearing habitat for a host of grassland species and have allowed several species of waterfowl to rebound to record levels following the return of precipitation to the northern prairies in 1993. Grassland birds, one of the fastest declining groups of birds in the country, have also responded positively to the habitat afforded by CRP, staving off declines that could lead to increased listings of threatened and endangered species. Scientists are certain that CRP is partially responsible for these population increases, because waterfowl and other grassland birds continue to do relatively poorly in Canada and other regions of the U.S. where CRP and other similar measures are lacking.

Depressed commodity prices are forcing farmers to diversify and rethink the design of their operations. Some have decided to diversify into grassland-based agriculture and are using CRP to help make the transition. As evidence of this, hundreds of farmers in the Dakotas and Iowa have restored formerly drained wetlands within their CRP tracts through CP-23. Many others are using available incentive programs to install grazing systems on expiring CRP. Others are using CRP payments to stabilize their financial situation and to pay off debt. As of May 2004, portions of more than 400,000 farms have enrolled in CRP across the nation. CRP remains very popular in prairie States like Texas, Kansas, Nebraska, and Minnesota where portions of over 20,000 farms in each of these States have enrolled in CRP. Clearly hundreds of thousands of producers realize the benefits of CRP and are using it to improve their financial position and the quality of the resources on their land.

Simultaneously, U.S. taxpayers are benefiting from cleaner air and improved water quality, because CRP removes greenhouse gases from the atmosphere and reduces soil erosion and nutrient runoff into our waterways. Recovering wildlife populations are enjoyed by sportsmen and wildlife watchers across the Nation generating millions of dollars and jobs for rural economies. Additionally, increasing wildlife populations are helping to diversify income sources for farmers who are responding to strong demand for fee hunting opportunities by operating hunting-related businesses. Many producers also have opened up the land they have enrolled in CRP to public access for hunting and fishing, thus improving the relationship between landowners, State fish and wildlife agencies and the hunting and fishing public.

Given all of these benefits to producers, the environment, and the American public, we cannot afford the loss of CRP acres authorized in the farm bill by diverting funds that were intended for landowners to now cover technical assistance needs.

WETLAND RESERVE PROGRAM

The Wetland Reserve Program (WRP) was established by Congress in the 1990 farm bill and reauthorized in 1996 and 2002. The acreage cap for WRP was increased in the 2002 farm bill to 2.275 million acres, with the requirement to enroll up to 250,000 acres per year to the maximum extent practicable. Popularity of the program remains very high, with demand continuing to exceed availability.

WRP provides farmers with financial incentives to remove marginal lands from crop production. These lands have proven to be less suitable for growing crops, because of the frequency and duration of flooding or soil saturation. The program also helps landowners restore and protect wetlands on their property and to develop land use plans that ensure sustainability and potential economic return over time. WRP provides an alternative for those lands that have proven to be difficult to farm as well as saving taxpayers money due to avoiding repeated disaster payments. WRP payments have assisted producers in improving their financial positions through debt payment, capital improvements, and retirement and educational savings. Restored wetlands are helping to reduce flooding on more productive agriculture lands and in urban areas. They also improve water and air quality and provide habitat for a diversity of plant and animal life.

WRP projects have been implemented in 49 States, all except Alaska. There have been more than 6,800 contracts funded nationally, enrolling nearly 1.3 million acres of flood prone land. Besides the well-known success and popularity of WRP in the Mississippi Alluvial Valley States of Louisiana, Arkansas, and Mississippi, the program is also very popular with landowners in other States such as California, Minnesota, Texas, and Oklahoma, with nearly 900 contracts funded in these four States. Benefits from WRP are evident along streams, rivers, and estuaries throughout the country. In addition to the economic benefits for landowners, a myriad of wildlife species, several of them threatened, endangered or in serious decline, have gained quality habitat and are responding in a positive manner. Citizens who value wildlife

and open space, whether they are hunters, anglers, bird watchers or just outdoor enthusiasts, also are obvious beneficiaries of WRP.

WRP has been a platform for public/private partnerships throughout the country. For example, Ducks Unlimited has entered into agreements with the Natural Resources Conservation Service (NRCS) whereby we assist with applications, cost-share funding, restoration delivery, and/or monitoring to help farmers and private landowners meet the requirements of WRP. Indeed, this leveraging of private funds, in-kind services, and promotion across the country is one of the reasons the conservation programs of the farm bill have been so successful. Secretary Veneman recently reported that contributions from State and local levels of the conservation partnership totaled \$713 million for financial assistance, technical assistance, and the fair market value of equipment and materials. She further reported that this year, partnership contributions are expected to be \$771 million.

POTENTIAL SOLUTIONS

Ducks Unlimited believes that several options may be available to find the technical assistance funds necessary for CRP and WRP, while minimizing the reduction of acreage of these programs. Given the value and demand of these programs, failure to fully explore these options would be a disservice to producers and American taxpayers. We urge you to fully explore these options before reducing program acres.

One option is to reauthorize the use of CO1 funding for Technical Assistance in delivering the Conservation Title of the farm bill. It is our understanding that funding remains in this account to help cover the technical assistance costs that occurred historically. Restoring this funding source would bring EQUIP, WHIP, FRP, and GRP back to their fully authorized funding levels and keep CRP and WRP at their fully authorized acreage levels.

A second option is for Congress to appropriate additional conservation program funding that will cover technical assistance costs and allow full funding of authorized acres within CRP and WRP program funding allocations.

Another option is to find cost savings in the delivery of CRP and WRP without reducing acreage. This could be accomplished by reducing expenditures that are not essential to the attractiveness of the programs to landowners, thereby cutting costs but not participation. Costs savings may also be found through increased partnerships with individuals, organizations, and agencies. Many of these conservation partners have contributed cost share and in-kind services to help deliver farm bill conservation programs to farmers, ranchers, and foresters in the past. We believe there is some middle ground between a contribution agreement that requires 50 percent cost share by conservation partners and a technical service provider that requires no cost share by conservation partners.

The conservation title of the farm bill provides our nation with critical tools for the long-term conservation of air, soil, water, and wildlife habitat while ensuring a sound financial base for agriculture. In order for the full benefits of these programs to be realized, funding levels must allow producers access to the program levels authorized by Congress in 2002. The Subcommittee on Conservation has the special challenge to again find a solution to the chronic problem of Technical Assistance funding. We encourage you to lead your colleagues in Congress to a solution that does not reduce the acres available for CRP and WRP, programs that are in high demand by the very landowners these programs seek to serve. We have offered ideas on potential solutions and believe with some combination of CO1 account funding and program cost savings that the necessary technical assistance funds can be found.

Thank you for this opportunity to present our view of the importance of farm bill conservation programs and securing the necessary technical assistance funding without severe impacts to the level of practices reaching the ground. Please do not hesitate to call upon us for any reason regarding these important issues. I would be happy to answer any questions you might have.

STATEMENT OF NITA C. VAIL

Good afternoon, Mr. Chairman. I am a fourth generation rancher and a member of the National Cattlemen's Beef Association (NCBA) and resident of California. I am here today to provide testimony on NCBA's behalf as well on behalf of the National Milk Producers Federation, the National Pork Producers Council, the South East Dairy Farmers Association and Western United Dairymen—collectively referred to as "livestock" in this testimony. We are very grateful for this opportunity

to provide you with our views on the implementation of critical issues in the 2002 farm bill.

This group wants to express our thanks and appreciation to you Chairman Lucas, as well as to the other members of the Subcommittee, for holding this oversight hearing. The conservation title of the Farm Security and Rural Investment Act of 2002 (2002 farm bill) is extremely important to livestock producers and there are a number of critical issues that need to be discussed in these early, crucial stages of the 2002 farm bill's implementation.

It is still very early in the implementation of the conservation title's provisions. Final rules have either just been issued, as is the case with EQIP, or they are still pending, as is the case with the Grasslands Reserve Program (GRP) and the Conservation Security Program (CSP). As such, we have not been able to collect, distill and analyze the type of information from the field that would be most useful for this hearing. But there are important observations to be made about how these rules turned out or are developing, as well as with regard to what we understand to be happening with implementation at the State level, and our comments will reflect this.

The Diversion of Technical Assistance Funds. First, the livestock groups would like to indicate our grave concern that funds are going to be diverted in fiscal year 2003 from EQIP, the Grasslands Reserve Program (GRP), the Farm and Ranch Land Protection Program (FRPP) and the Wildlife Habitat Incentives Program (WHIP) to support the implementation of the Conservation Reserve Program (CRP) and Wetland Reserve Program (WRP). We support the principle that each of the 2002 farm bill conservation programs pay for their own technical assistance (TA) costs. We do not support the use of funds from one set of farm bill conservation programs to pay for the TA of other farm bill conservation programs.

We had thought that Congress had adopted this principle in the 2002 farm bill, but the administration interpreted these provisions very differently, and Congress' subsequent legislative language earlier this year has allowed these programs to move forward. But this new language, unfortunately, has also resulted in the probable diversion of more than \$107 million from EQIP in fiscal year 2003, and the GRP, FRPP and WHIP lose a comparable relative share of the total funds needed to pay for CRP and WRP TA. Worse yet, the amount of funds to be diverted from EQIP and these other programs increases dramatically in years to come.

We are deeply concerned about this situation and very much would like to see it corrected in this fiscal year in a manner that results in no harm to the 2002 farm bill. The livestock groups believe that your and Ranking Member Holden's recent legislation on this matter serves as a fine interim measure to ensure that no funds are diverted from EQIP, GRP, FRPP and WHIP in fiscal year 2003. We support an ultimate solution that preserves the funding for these programs and allows a strong and effective CRP and WRP to be implemented.

The Implementation of EQIP. Livestock groups worked hard during the 2002 farm bill process to support this committee and Congress' efforts to dramatically increase funds for EQIP. Our efforts were driven by livestock producers' needs for financial and technical assistance to help them meet current and emerging environmental regulations and costs. We were very pleased that this committee and Congress adopted language and provided \$9 billion in new EQIP funding to go along with the \$2 billion in the baseline, in part to meet this need.

Some groups have criticized the administration for faithfully adhering to the farm bill's language that allows EQIP funds to be used for structural measures for so-called "large" livestock operation, including new and expanding operations. We find such criticisms misguided on numerous fronts, particularly on the matter of ensuring that EQIP can be a true environmental program. In most of the major livestock sectors, the majority of manure is being produced by operations that were considered "large" under the 1996 EQIP provisions. If the 2002 EQIP were to have retained the 1996 limitation, it would have been prevented from addressing manure issues from the majority of the sector.

We continue to believe that the EQIP payment limitation, combined with the farm bill's overall gross revenue provisions, provide very adequate assurances that EQIP funds can support a sound and environmentally successful program that places primary emphasis on assisting family owned and operated farms and ranches. We continue to wholeheartedly support this approach.

We have significant concerns about one of the provisions in the EQIP final rule having to do with national priorities. We do not support making EQIP's lead water quality national priority that of addressing nonpoint sources of water pollutants in "impaired" waters, as consistent with the Clean Water Act's Total Maximum Daily Load (TMDL) program. We are not aware of any single agricultural group that advocated increased funding for EQIP in the 2002 farm bill so that it could be so-fo-

cused on the TMDL program. There are significant potential problems with this provision, depending on how NRCS implements it. We know that these national priorities are not the sole determinant of how NRCS will allocate EQIP funds to States, and that NRCS clearly has leeway to make allocations to States and within States to address any one of several natural resource concerns. We ask for the Subcommittee's assistance to support NRCS' implementation of this particular provision in a manner that does not otherwise damage the program.

With regard to the implementation of EQIP in 2003, as we stated earlier, the final rule has just been published. States are still finalizing their own guidance and decision support documents consistent with this final rule. Some States have published on the web their draft guidance and program rules so far. While we are not able to draw any final conclusions from these materials, there are some issues that need comment.

The first has to do with our emphasis in the 2002 farm bill debates on the need for an EQIP that can help producers address pressing environmental regulations and other challenges. Most States appear to be heading in the direction of giving higher priority to EQIP applications that include a major soil erosion control component, particularly applications that will take soil erosion to "T". We fully support the use of EQIP for erosion control, but we are not convinced that this emphasis will always make sense for a livestock producer needing critical assistance with manure management in order to comply with an environmental regulation. Producers willing to do a first rate job of managing their manure might be denied critically needed assistance as a result. We will be monitoring this aspect of EQIP's implementation closely and anticipate having comments on this issue later this year.

With regard to comprehensive nutrient management plans (CNMP), there are preliminary indications that several States with strong livestock production sectors have not made CNMP development eligible for EQIP financial assistance. We also have observed that in at least one State that has not made CNMP development eligible for financial assistance that it appears that they are requiring a CNMP be prepared in advance of an EQIP application for cost-share for structural measures. One State has apparently limited the incentive payment for a CNMP to no more than \$1,000—a fixed rate of compensation for a practice that we know can cost up to \$20,000 or more, depending on the number of fields and soils receiving manure. CNMPs, or nutrient management plans of comparable complexity and depth, are going to be critical to helping livestock producers comply with the latest Clean Water Act CAFO regulations. EQIP must work with regard to CNMPs. We will report back to the committee on this matter once better information is available.

Technical Service Providers. The use of third party, technical service providers (TSP) is going to be critical to the implementation of the conservation title. We supported during the 2002 farm bill debates the need for greater emphasis on the use of TSPs to help with the implementation of conservation programs. Our groups support the Natural Resources Conservation Service's (NRCS) role as the top technical assistance provider organization in the country. But we know that NRCS is not going to get the resources needed to bring into the agency all the personnel and skill-sets needed to fully implement the conservation provisions, and that these capabilities can be found in the private sector and with other entities. We applauded the provisions in the farm bill that address this need and fully support USDA's and NRCS' efforts to implement the TSP provisions.

It is still too early to say much about how USDA's implementation of the 2002 farm bill's TSP provisions is working, but we believe that USDA is going to need considerable and consistent outside advice and counsel on how the TSP program should be implemented and move forward. Many livestock groups advocated in their comments on the TSP rulemaking on the need for USDA to formally create a Federal Advisory Committee to serve this purpose. We continue to support this idea and encourage USDA to move forward with it.

Conservation Security Program. Livestock groups recognize that the Conservation Security Program (CSP), as adopted in the 2002 farm bill, has potential to provide livestock producers with important conservation assistance. We encourage USDA to move forward with implementation of the CSP and look forward to providing comments on the CSP rulemaking once it is published.

In closing, Mr. Chairman, we look forward to working with you in the months and years to come to make sure that the 2002 farm bill works for our producer members in the manner you and the other members of this committee envisioned when it was passed last year. Thanks once again for this hearing and your leadership on these issues that are so important to livestock producers.

Dear Chairman Lucas:

Farmers and ranchers value and appreciate your outstanding efforts on their behalf in the 2002 farm bill to create a strong and well-funded conservation title. We write today to express our support for your recent efforts to ensure that each of the 2002 farm bill conservation programs funded by the Commodity Credit Corporation pay for their own technical assistance (TA) costs. We do not support the use of funds from one set of farm bill conservation programs to pay for the TA of other farm bill conservation programs.

Under current law, as being implemented by the administration in this fiscal year, the TA costs of the Conservation Reserve Program and the Wetlands Reserve Program will be paid from CCC funds made available for the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Farmland Protection Program, and the Grassland Reserves Program. In the case of EQIP in fiscal year 2003, this will result in the withdrawal of approximately \$107 million. GRP, FPP and WHIP lose a comparable relative share of the total funds needed to pay for CRP and WRP TA.

We are deeply concerned about this situation and very much would like to see it corrected in this fiscal year in a manner that results in no harm to the 2002 farm bill provisions that have been supported and embraced by the agricultural community.

Sincerely,

American Farm Bureau Federation South East Dairy Farmers Association, American Soybean Association National Pork Producers Council, National Association of Wheat Growers National Turkey Federation, National Cattlemen's Beef Association United Egg Producers, National Chicken Council USA Rice Federation, National Corn Growers Association Western United Dairymen, National Cotton Council, National Milk Producers Federation

STATEMENT OF BILL WILSON

Mr. Chairman and members of the subcommittee, I am Bill Wilson, from Kinta, Oklahoma. I am first vice president of the National Association of Conservation Districts (NACD) and have served as a district official for the Haskell County Conservation District since 1980. I am also a founder and past chairman of the National Watershed Coalition.

I own and operate a 400-acre cow/calf, horse and mule ranch in East Central Oklahoma, am a registered land surveyor in both Oklahoma and Arkansas and I have worked many years to restore Dust Bowl era farm fields into productive pasture land.

NACD is the nonprofit organization that represents the Nation's 3,000 conservation districts and the more than 16,000 men and women—district officials—who serve on their governing boards. Conservation districts are local units of government established under State law to carry out natural resource management programs at the local level. Currently, conservation districts work with the Natural Resources Conservation Service (NRCS) and other agencies and organizations to provide technical and other assistance to millions of landowners and others to help them manage and protect the Nation's land, water and related resources. Conservation districts encompass more than 98 percent of the private lands in the United States.

I am here today to share with you the conservation district perspective on implementation of the conservation title of the 2002 farm bill. Conservation districts work shoulder-to-shoulder with NRCS every day in implementing most of the provisions of the conservation title. Districts also work closely with the Farm Service Agency in carrying out the Conservation Reserve Program (CRP) and, in fact, approve the conservation plans developed for the CRP. As we talk today about the farm bill conservation programs, I urge you to keep in mind that I speak on behalf of the people who work at the very point where the programs you authorized are delivered to the customers.

Throughout our history, conservation districts have strongly supported voluntary, incentive-based approaches to private working lands conservation—a theme repeated throughout the 2002 Act's conservation title. We also believe the best way to achieve conservation is through local decision-making with input from all stakeholders and customers to identify natural resource priorities and objectives.

Today, conservation district staff number more than 7,000 employees of all types. State and local governments, including districts themselves, contribute more than a billion dollars a year to carry out our Nation's private lands conservation efforts. Private landowners, businesses and other interests add more than a billion dollars to the mix as well.

The Nation's 3,000 conservation districts appreciate the leadership and vision that members of this subcommittee provided in developing the most sweeping conservation title in the history of farm bills. We also compliment the administration for striving for full implementation of the new and improved programs as evidenced by the release of most of the program rules and the decision to fully allocate the 2003 funding made available by Congress. If fully implemented, the expanded funding in the 2002 conservation title will allow us to make considerable progress in addressing the huge backlog of conservation requests throughout the nation.

The conservation title got off to a rocky start in 2002 stemming from differing interpretations of language in the bill that provided technical assistance funding from the program accounts of the Commodity Credit Corporation (CCC). Our view was that the initial language of the 2002 farm bill law provided for full technical assistance from each of the programs accounts and that funds for that purpose were not subject to the CCC section 11 cap. The Office of Management and Budget concluded otherwise and imposed a strict limit on the amount of funds available for technical assistance. The 2003 agriculture appropriations law partly resolved the issue by including language to clarify that technical assistance funds for all but two of the CCC-funded conservation title programs are not subject to the limits imposed by section 11 of the CCC Charter Act.

Language in that same law that prohibited the use of NRCS Conservation Operations (CO) funds, or any other funds appropriated in 2003, to provide technical assistance to implement the farm bill conservation programs—a position that we fully support. It was our understanding that the conservation title provided for the CCC-funded programs to pay entirely for their own technical assistance in order to leave the CO account intact to support the original purposes outlined in its organic legislation. We urge you to help us ensure that this firewall, if you will, remains in place in the future so that millions of farmers, ranchers and other cooperators can get the conservation help they need.

Regarding the question raised in your invitation to NACD, "Is the current funding for technical assistance sound and equitable?" the answer at this point would have to be no. As mentioned earlier, the 2003 appropriations act included language providing that CCC technical assistance funds for the Environmental Quality Incentives Program (EQIP), Wildlife Habitat Incentive Program (WHIP), Grassland Reserve Program (GRP) and Farm and Ranch Land Protection Program (FRPP) and Conservation Security Program (CSP) are not subject to the section 11 cap. However, by most interpretations it did not provide the same provision for funds from the CRP and Wetlands Reserve Program (WRP) accounts. As a result, technical assistance for those two programs, at least for now, has been donated by EQIP, WHIP, GRP and FRPP. This creates an unacceptable situation in which NRCS is being forced to re-direct funds from those programs to purposes for which they were never meant. Since NRCS has also chosen to provide the technical assistance for Ground and Surface Water Conservation and the Klamath water conservation initiative, the total amount of technical assistance re-directed from the four other programs in 2003 could be nearly \$160 million—funds that could be used to provide financial assistance to a fairly large number of producers. This may be the only current solution to the problem; however, we encourage you to help find a permanent solution to this problem and look forward to working with you to resolve the issue.

Once the CRP/WRP problem is fixed, the language and mechanisms in the conservation title should allow for sound and equitable technical assistance to implement the CCC-funded conservation programs without increasing the score for the agricultural baseline. In the future, it will be a matter of USDA and the Office of Management and Budget (OMB) coming to agreement on just how much technical assistance is needed from the program accounts to ensure that the programs are effectively implemented. This will, of course, be an annual exercise and require continuing recognition that as the funding levels and activities for the various programs climb, so will their technical assistance needs.

In addition to technical assistance, there are several other issues that need to be addressed as you examine implementation of the conservation title. Ensuring full funding for the programs will be critical to achieving the goals Congress spelled out when the farm bill was enacted. Decision-makers in both chambers' budget committees and authorizing committees provided for an 80 percent increase in spending for conservation to ensure our Nation's natural resources are protected for current and future generations. This goal was supported in the final enactment of the bill and endorsed by the President's signature last year. We strongly urge both the Congress and the administration to fully fund the increases so strongly applauded when the farm bill was passed.

We have particular concerns about the new Conservation Security Program (CSP). Conservation districts supported the concept behind the new CSP for over 25 years.

It was with much fanfare that the CSP became part of the new generation of programs to bring conservation to a higher level in America. However, the CSP's once almost unlimited potential to bring more conservation to the landscape has been tethered by capping its spending at \$3.77 billion over 10 years—probably less than half the amount needed during that time. Conservation districts strongly support the original intent of the CSP: a nationwide conservation program available to all producers and all crops on all working lands with no cap.

We also urge the administration to expedite the CSP rule-making process in order to get a rule in place and begin implementing this innovative new program this fiscal year. The final rule that governs the program should be developed to ensure that stringent standards be adhered to in order to ensure that program funds are well spent and fully accounted for.

Conservation districts fully support the farm bill's expanded Technical Service Provider initiative as a way to increase the delivery of technical assistance to producers nationwide. But, we need to take care to ensure that the proper standards and training are in place so that producers will continue to receive the quality technical assistance needed to properly conserve and protect the resource base. We also need to recognize that it will likely take years, not months, to get the initiative up and running at its full potential. Regardless of the scope of the TSP initiative, it remains critical that we maintain a strong, fully funded NRCS cadre of field technical staff and the infrastructure needed to fully support it. This will be necessary to ensure that the agency maintains a sound Field Office Technical Guide, solid use of research and progressive national standards.

We note that in USDA's notice of availability of funds, EQIP's Ground and Surface Water Conservation (GSWC) provision is being implemented only in the 17 Western States. The purpose of the GSWC is to provide cost-share, incentive payments and loans to producers to carry out eligible water conservation activities such as improving irrigation and water storage measures. These activities are needed in all States, not just in the West and we urge USDA to keep this in mind in future program years to ensure that all States with needs have access to these important funds.

Conservation districts have similar concerns over the way in which new Grassland Reserve Program (GRP) is being proposed for implementation. Again, in the notice of availability of funds, NRCS announced that the GRP would be implemented in four drought-affected areas in the Western United States. It was our understanding that the GRP was to be a national program and nowhere in the enabling legislation is drought mitigation mentioned as a purpose of the program. We would like to make certain that for future years USDA implements the GRP nationwide following the established purposes of the program.

Along this same line, we very much support the regional equity provision of the 2002 act. One criticism of the financial assistance conservation programs of earlier farm bills was that they focused primarily on large agricultural States, leaving other States with little opportunity to take advantage of what was then much more limited funding. The Agricultural Management Assistance program enacted earlier addressed this issue on a limited scale. The regional equity provision of the new farm bill helps to ensure that all States will be able to take advantage of the tremendous funding increases it contains. Because the 2003 appropriations law was delayed so long, NRCS was unable to implement this provision this year. We hope that a more timely appropriation and allocation process will allow the regional equity provision to be implemented in 2004.

Conservation districts worked closely with this subcommittee to make the 2002 farm bill a reality. We believe the conservation accomplishments that are being made possible will go a long way toward providing the benefits of more productive soils, cleaner water and air and abundant wildlife for our nation that the American public is increasingly demanding. We are committed to fulfilling our role in implementing the new farm bill and contributing to our fair share of the work load. We look forward to continuing our close working relationship with the USDA agencies that will have the lead in carrying out its conservation provisions.

We appreciate the opportunity to provide our views to the subcommittee.

STATEMENT OF TERRY DETRICK

Chairman Lucas, Ranking Member Holden, members of the House Agriculture Subcommittee on Conservation, I am Terry Detrick, a wheat, forage and livestock producer from Ames, Oklahoma, and I currently serve as vice president of the Oklahoma Farmers Union.

As a constituent, I want to personally thank you, Mr. Lucas, for providing the leadership for the authorization and funding of the upstream flood-control rehabilitation program that is so important for Oklahoma.

National Farmers Union represents 300,000 independent, diversified, owner-operated family farms and ranches across the nation, and we are grateful to have the opportunity to appear before you today to discuss the sudden thorny issue related to funding for technical assistance of conservation programs included in 2002 farm bill.

As you know, the 2002 farm bill created a number of new conservation initiatives and expanded existing programs that have far-reaching implications for working lands in production agriculture and for livestock producers across America.

Although this is an intricate budgetary topic we thank the Chair, the ranking member, and others for their efforts to rectify the funding fight that has developed seemingly between the administration and Congress. The issue before us today centers around the amount and source of money for the farm bill conservation programs, and this includes the technical assistance provided to farmers and ranchers that must implement complex conservation systems on their working lands. We believe the money for technical assistance should come from the conservation program accounts themselves, and support your bi-partisan efforts on H.R. 1907 to address the funding dilemma that has been created for some of these agricultural conservation programs.

We believe that the administration's Office of Management and Budget (OMB) decision to not fully fund the technical components of the conservation programs because they claim other funds are available, is wrong for conservation programs and wrong for farmers and ranchers. We also believe that USDA's Natural Resources Conservation Service should not use funds from its Conservation Operations account to supplement these programs, as these funds are crucial for NRCS's non-farm bill conservation responsibilities.

To follow this approach only encourages a divide and conquer strategy, and it sets up a potential fight among livestock and production agriculture, geographical regions of the country, and working lands conservation versus non-working lands conservation. This type of geographical competition is not healthy for the development of conservation program opportunities meant to apply to all farmers and ranchers across the country.

If I could summarize our views on this subject in a nutshell it would be that: (1) The farm bill conservation programs should be fully funded as authorized in the farm bill and (2) That the discretionary NRCS Conservation Operation fund should not be redirected to support the implementation of the mandatory farm bill conservation programs.

The 2002 farm bill has been called the greenest ever, and all of our members want the programs that they supported and worked hard to be included in the farm bill, get implemented the way Congress wrote the law.

Throughout the farm bill debate, congressional leaders such as you saw the importance of technical assistance as a key component in getting conservation programs put into practice on working lands across America. In order that complex conservation systems be developed and applied, the concept of technical assistance supplied by third-party providers was a key element supported by both Congress and the administration. It has been pointed out that the farm bill conservation provisions will be seriously undermined if technical assistance is not fully funded.

The partnership between the NRCS and the local conservation districts provides for the best and most effective avenue for conducting conservation technical assistance, and could be key to rendering effective third-party provider technical assistance across the countryside.

As we understand, the language in your legislation protects EQIP, Farmland Protection, and the Grasslands Reserve Program as far as technical assistance is concerned, but not the Wildlife Habitat Incentives Program (WHIP). We also know that you have made efforts recently to correct the exemption of WHIP and we are ready to help you in any way to protect this important program. In fact, in Oklahoma we have heard that the WHIP program is the most backlogged of any conservation program in the nation.

However, the bigger picture is even more troubling because if specific programs are singled out to deny full technical assistance funding, the cloth that was woven to get support in the farm bill for the comprehensive conservation programs starts to become unraveled.

It appears that the administration supports using a combination of program fund offsets and redirected discretionary funds including a large percentage of base conservation operations funds to fund technical assistance for our conservation programs. We feel that this approach would result in severe reductions in important

conservation and rural development programs. We have also been told that it would restrict the ability of the appropriation committees to direct funds to programs it sees as high priority needs for the country.

We agree with the conclusions reached by the Government Accounting Office of its study on the issue, that the farm bill specifically provides funding for technical assistance as part of the mandatory funding for CRP, EQIP, WRP, CSP, GRP, WHIP, and FPP. We encourage your efforts and your legislation to be as inclusive as possible. We also are supportive of any efforts you may take to ensure that the original intent of Congress in writing the 2002 farm bill be carried out.

What ranchers and farmers do not want is further delay in implementing the farm bill. We have heard predictions about programs not being implemented and the need to lay off NRCS employees if Congress does not consent to the administration's position.

We are ready to work with you to protect the integrity of the NRCS conservation operating program that is important to our States rural development projects and non-farm bill work, and to use mandatory program funds to finance both the financial assistance and technical assistance costs of the farm bill Conservation programs.

Thank you for your interest.

ANSWERS TO SUBMITTED QUESTIONS

Question from Mr. Holden

NFU and several of the commodity organizations lobbied congress for over a year and a half for disaster assistance despite warning from Members of Congress that such an effort could likely lead to agriculture having to pay a high price for that assistance later either with cuts in the farm bill or through budget reconciliation. In your personal opinions, was the cost that agriculture had to pay, losing the entitlement nature of the Conservation Security Program, too high a price to pay for that disaster assistance?

The National Farmers Union (NFU) and over 30 other farm, commodity and cooperative organizations consistently supported the efforts, originally initiated in the Senate, to provide weather related, emergency disaster assistance for crop and livestock producers who suffered production and quality losses during the 2001 and 2002 production years. A copy of the coalition's December 19, 2002 letter is attached.

We neither apologize nor in hindsight regret seeking needed economic help for the vast number of farmers and ranchers whose very livelihoods were decimated by adverse weather during the aforementioned two-year period.

In addition, NFU was one of the original supporters of the Conservation Security Program (CSP) and continue to believe the CSP offers a unique opportunity to address priority conservation needs on working farms.

The fact that the final assistance package resulted in an adjustment in the funding levels for the CSP was the result of a lengthy campaign orchestrated by the Bush administration, not by farm organizations. It is clear the administration's intent was to preempt the consideration of a meaningful disaster assistance program for agricultural producers and at the same time limit the scope of previously authorized farm bill programs.

At no time during the farm bill debate, where a disaster program for the 2001 production year was considered, or in the weeks and months following the adoption of the 2002 farm bill when the scope of the agricultural disaster became even more clear and pronounced did the National Farmers Union or any of the other groups supporting disaster assistance agree with the administration's position that assistance funding should be offset through reductions in farm bill program authorities. In fact we strenuously opposed re-opening the farm bill in order to modify programs to achieve the budgetary offset.

Disaster assistance supporters consistently urged Congress and the administration to designate the agricultural disaster funding as emergency spending which would not be subject to the constraints of the budget resolution. This position was wholly consistent with the funding provisions of previous agricultural disaster assistance programs as well as assistance to address non-agricultural disasters.

Thank you for allowing the NFU the opportunity to more fully respond to your question than was possible during the Subcommittee hearing and set the record straight concerning our support for both the much needed disaster assistance program and adequate funding for conservation priorities.

ATTACHMENT TO JUNE 10, 2003 LETTER TO REP. HOLDEN

Dear Member of Congress:

The undersigned organizations write to urge your support for emergency disaster assistance for crop and livestock producers who have suffered losses during the 2001 and 2002 agriculture production years due to natural disasters. Such disaster assistance would be consistent with responses by the U.S. government to natural disasters in the past, including hurricanes, floods, and droughts.

The Food Security and Rural Investment Act of 2002 provides increased economic resources, certainty, and stability across a wide range of agricultural, rural, and nutrition programs administered by USDA. For commodities, we believe it was the intent of Congress that the new farm bill reduce or eliminate the need for future ad hoc market loss-related assistance and, instead, provide a similar level of assistance in a more efficient and cost effective manner than the legislation it replaced. In fact, projected outlays for commodity programs under the new law are projected to be significantly less than the annual average Federal expenditures incurred since 1998. However, the new farm bill is incapable of predicting and adequately dealing with natural disasters.

Furthermore, due in part to increased prices resulting from the impact of natural disasters, the most recent projected outlays for 2002 are less than originally projected at the signing of the farm bill. Despite these savings and the precedence of assistance for those who suffer from natural disasters, Congress has failed to pass emergency disaster assistance.

For U.S. farmers and ranchers, the current production disaster is multi-faceted. In many areas, drought has decimated row crops and forage and has reduced water supplies available for livestock. In other regions, farmers are experiencing crop destruction and reduced yields and quality due to flooding and an increased incidence of crop pests and diseases. Especially hard hit are the specialty crops such as apples, cherries and grapes in the Great Lakes region, the eastern States and the Pacific Northwest that suffered frost, freeze and drought damage this season and adverse weather in 2001 that caused a failure of the blossom set required to produce fruit.

The negative economic impact of natural disasters to American agriculture and rural communities continues to grow.

- Almost 90 percent of U.S. counties have received a USDA disaster designation in 2002.
- Over 40 percent have received designations in both 2001 and 2002.
- Washington State alone suffered \$100 million in apple crop losses in 2002 due to early freeze.
- Adverse weather conditions cut the expected cotton crop by over 1 million bales. Drought conditions harmed the growing season, and a series of storms hit during harvest, inflicting continued quality and quantity losses. In the Southeast and Mid-South, only 55 percent of the crop achieved a color grade of Strict Low Middling or better. This compares to a 5-year average of 81 percent.
- The producers on the Blackfeet Reservation, Montana, lost over 3000 head of cattle in a freak June 3rd snowstorm. The storm did fill stock ponds and provided some additional spring green-up moisture but did not provide enough to alleviate the effects of four years of drought.
- The wheat acreage harvested at 45 million acres is the lowest it has been in the last decade.

Financial assistance is needed now if the economic ruin of farms, ranches and rural businesses caused by these natural disasters is to be averted.

Within the range of its existing options, we believe USDA has taken positive actions to address the weather and disease-related disasters experienced by crop and livestock producers during the 2001 and 2002 production years. Unfortunately, the Department's authority and resources available to mitigate the losses sustained by farmers, ranchers and rural businesses are inadequate given the full scope of the weather and disease problems confronting American agriculture.

While crop insurance, disaster loans, emergency haying and grazing of Conservation Reserve Program acreage, and the Livestock Compensation Program (LCP) are helpful, the relief they provide cannot effectively respond to the unprecedented and expansive devastation being experienced across a large part of America. We urge your active engagement and support immediately upon convening the 108th Congress of the emergency disaster assistance legislation passed by the Senate last session.

We urge Congress to approve this legislation and work with the administration to ensure that this emergency program is in place, which provides a responsible

level of assistance to those suffering substantial losses as a result of natural disasters. This adequate response is needed immediately to reduce the devastating economic impacts being experienced by farmers, ranchers and their communities throughout much of rural America because of natural disasters beyond their control.

Thank you for your attention to this issue. We look forward to working with you to address this serious situation in a timely and effective manner.

Sincerely,

National Farmers Union, American Farm Bureau Federation, National Grange, National Farmers Organization, American Beekeeping Federation, American Corn Growers Association, American Sheep Industry Association, American Soybean Association, Burley Tobacco Growers Cooperative, Cape Cod Cranberry Growers' Association CoBank, Farm Credit Council, Intertribal Agriculture Council, National Association of Wheat Growers, National Barley Growers Association, National Cotton Council, National Grain Sorghum Producers, National Grape Cooperative Association, Inc., National Milk Producers Federation, National Potato Council, National Sunflower Association, Northeast Farm Credit Regional Council, National Association of State Departments of Agriculture, Northeast States Association for Agricultural Stewardship, R-CALF United Stockgrowers of America, Soybean Producers of America, Southern Peanut Farmers Federation, USA Dry Pea & Lentil Council, U.S. Apple Association, U.S. Canola Association, U.S. Custom Harvesters, Inc, Vidalia Onion Business Council, Welch's, WIFE.

STATEMENT OF SCOTT FABER

Mr. Chairman, thank you for the opportunity to appear before the Conservation, Credit, Rural Development and Research Subcommittee of the House Agriculture Committee.

My name is Scott Faber, and I am testifying today on behalf of Environmental Defense, National Audubon Society, Defenders of Wildlife, Land Trust Alliance, Sustainable Agriculture Coalition, and the National Wildlife Federation.

Our organizations strongly oppose diverting \$138.7 million from working lands incentive programs in fiscal year 2003 to pay for the technical assistance costs of the Conservation Reserve Program (CRP), the Wetlands Reserve Program (WRP), and the Ground and Surface Water Conservation and Klamath Basin initiatives within EQIP. As you know, the administration has diverted \$87.9 million from the Environmental Quality Incentives Program (EQIP), \$27.6 from the Farmland and Ranchland Protection Program (FRPP), \$14.6 million from the Grasslands Reserve Program, and \$8.6 million from the Wildlife Habitat Incentives Program (WHIP) to pay for technical assistance for the two acreage-based programs, the CRP and WRP, and two EQIP sub-programs.

We are united on several key points. We believe that sufficient technical assistance funding is absolutely critical to implement the 2002 farm bill conservation programs. We support mandatory Commodity Credit Corporation funding for conservation technical assistance needed to implement farm bill conservation programs. We believe funds utilized for conservation technical assistance for each particular program should be assessed to and apportioned from that same particular program. Hence, we strongly oppose taking away funds associated with one program to pay for conservation technical assistance for another program. Finally, we support technical assistance funding for the two acreage-based programs (CRP and WRP) from the CCC in amounts over and above the funding apportioned for financial assistance.

In our view, these principals were reflected 2002 farm bill. We believe the administration should have honored the 2002 farm bill by providing technical assistance from the Commodity Credit Corporation (CCC) for each of the programs, including CRP and WRP, and by ensuring that technical assistance for each program is derived from funds provided for that program. The administration had ample authority to do so, as should be clear from the statute itself, from explicit Managers conference report language, from floor colloquies on the subject, and from the excellent report produced by the U.S. General Accounting Office.

The administration still has ample authority to immediately release funds from the CCC to pay for the cost of CRP and WRP technical assistance. As you know, section 213 of the fiscal year 2003 Omnibus Appropriations bill gave USDA authority to divert funds from working lands programs. Section 213 did not direct the administration to divert funds from EQIP, WHIP, GRP and FRPP but only permitted the administration to divert these funds. USDA retains discretion to pay for CRP and WRP technical assistance with funds from the CCC without diverting funds

from other programs. We are anxious to work with the committee to persuade the administration to honor the intent of the 2002 farm bill by immediately releasing CCC funds for CRP and WRP technical assistance.

If the administration refuses to change its current position, we urge the committee work with us to seek sufficient emergency funding in the next supplemental appropriation or other appropriate legislative vehicle for the costs of technical assistance for CRP, WRP and two EQIP sub-programs. This should be accomplished by repealing section 213 of the fiscal year 2003 Omnibus Appropriations bill, by clearly exempting farm bill technical assistance from the section 11 cap, and by ensuring that technical assistance funds provided for one conservation program cannot be used to provide funds to another program.

We recognize that the timing of a supplemental appropriations bill or other potential vehicles cannot be certain. In the meantime, we urge you act quickly to protect all working lands programs from being used to pay for CRP and WRP technical assistance, as you have proposed in H.R. 1907 and as the Congress has already provided for the Conservation Security Program. Though only an interim step, this measure will hopefully persuade the administration to honor the intent of the 2002 farm bill and perhaps avoid the need for subsequent action by Congress.

We also encourage you to reserve for continuous enrollment of buffers and other high-value lands at least 5 million CRP over and above the acres already enrolled through the continuous sign-up options of CRP. In addition to targeting CRP acres to maximize environmental gain, reserving 5 million new CRP acres for continuous enrollment will spread CRP technical assistance costs over many years and will limit though not solve the current technical assistance crisis.

As another important interim step, we encourage the committee to oppose the administration's plan to divert \$20 million or more in EQIP funds to compensate third party technical service providers (TSPs). TSP funding for private contractors should come from CCC funds under section 4 of the CCC Charter Act. There is no credible claim that section 2701 of the 2002 farm bill or section 213 of the Omnibus Appropriations bill in any way limits CCC payments to private sector technical service providers, and there is no rational basis for the administration's decision to instead divert EQIP funding for this purpose.

Finally, we encourage the committee to take the necessary legislative steps to bring the Water Conservation and Klamath Basin sections of EQIP under section 2701, the basic financial and technical assistance funding section of the conservation title, to remove them from their current status as "recipient" programs for technical assistance funding.

Despite significant conservation funding provided by the 2002 farm bill, many farmers and ranchers will continue to be rejected when they seek USDA conservation assistance to help meet the Nation's environmental challenges. As you know, working lands incentive programs like EQIP, WHIP and FRPP face significant backlogs, which are attached to this testimony. In fiscal year 2002, the nation faced a \$1.5 billion EQIP backlog. USDA reported a \$24.7 million backlog in Oklahoma, a \$66.2 million backlog in Kansas, a \$106.7 million in Nebraska, a \$200.3 million backlog in Missouri, a \$502 million backlog in Texas, a \$29 million backlog in Iowa, and a \$36.5 million backlog in Florida. Many of these States also have the Nation's largest WHIP backlogs. As you know, Oklahoma has the largest WHIP backlog in the nation.

Diverting EQIP and WHIP funds to pay for CRP and WRP technical assistance will only make the long lines farmers and rancher face even longer. Unless the nation shares these costs with private landowners, we will fail to provide clean water, clear air, habitat for wildlife and open spaces for future generations. Because farmland, ranchland, and private forestland make up 70 percent of the American landscape, private landowners have a significant impact on the quality of our rivers, lakes and bays and most rare species depend upon private lands for their survival.

Fortunately, farmers and ranchers are willing to help meet these environmental challenges but face new costs and risks when they take steps to provide cleaner water and air, serve as the frontline against sprawl, or provide habitat for rare species. The farm bill provided unprecedented incentives for better stewardship on working lands. Unfortunately, the administration's faulty interpretation of section 2701 threatens to undermine the important gains made in the farm bill.

We urge you to act as quickly as possible to protect funding for these critical working lands incentive programs from being needlessly diverted. In particular, we hope to work with you to persuade the administration to honor the 2002 farm bill or, if necessary, seek emergency funding in a supplemental appropriation for technical assistance for CRP, WRP, and two EQIP sub-programs. We also urge you to take important interim steps to protect working lands incentives from being diverted, as proposed in H.R. 1907, by supporting the reservation of 5 million addi-

tional CRP acres for targeted enrollments, and by supporting funding of private sector TSPs through section 4 of the CCC. Once the current crisis is solved, we would encourage the Subcommittee to continue to examine the critical importance of technical assistance in delivery of conservation assistance programs and to assess how technical assistance is administered, evaluated, and its ultimate effectiveness for each Conservation Title program.

Thank you for the opportunity to testify. I would be happy to answer any questions.

STATEMENT OF MARC CURTIS

Mr. Chairman and Members of the committee: I am Marc Curtis, a soybean, rice, corn, and wheat farmer from Leland, Mississippi. I am past President of the American Soybean Association and for the sake of full disclosure, I would like the committee to know that I am currently serving as the Treasurer of the National Association of Conservation Districts. However, today I am representing a group of commodity organizations that work together on conservation issues and feel strongly about the issues that we will be discussing during this hearing. The groups being represented today include the National Association of Wheat Growers, the National Cotton Council, the National Corn Growers Association, the American Soybean Association and the USA Rice Federation. Our testimony will focus on implementation of the conservation title of the Farm Security and Rural Investment Act of 2002.

I would like to thank you for your leadership, Mr. Chairman, and the leadership of your committee in helping to craft a conservation title in the 2002 farm bill that represents, in the words of the Bush administration, "the single most significant commitment of resources toward conservation on private lands in the Nations history."

This was accomplished by greatly expanding existing working lands programs such as the Environmental Quality Incentives Program (EQIP) and expressly directs a percentage share of the program toward non-livestock producers and increasing the acreage cap enrollment on set-aside programs such as the Conservation Reserve Program.

You also created promising new programs such as the Grassland Reserve Program which authorizes enrollment of up to 2 million acres of restored, improved, or natural grassland, rangeland and pastureland and a program in which our members have enormous interest in, the Conservation Security Program which can provide an unprecedented opportunity to increase conservation on private working lands.

I say it can provide an unprecedented opportunity because draft regulations have yet to be sent out for public comment, and there are some initial indications, for example in the Advanced Notice of Proposed Rulemaking recently sent out for public comment, that USDA is looking for ways to artificially constrain this program.

And while we realize that the Federal Government is not about to throw open the doors of the Federal Treasury and hand us a pitchfork to start shoveling out the dough, it seemed clear that the intent of Congress was for the CSP to be a program for all producers on all working lands addressing one or more resources of concern on all or part of their farming operation.

Many of our members are also concerned that this program not simply be targeted at the "bad actors" who have not been as ambitious in addressing conservation concerns but also be utilized to reward those producers who have been very aggressive in addressing conservation needs and could at least qualify for Tier 1 conservation maintenance.

We fully understand the daunting task facing the Department of Agriculture in implementing these programs and we understand that they have been diligently working to get regulations finalized, funding allocated and get these programs up and running so we can begin to realize conservation benefits on the ground and out in our fields.

However, the initial optimism, which followed passage of the 2002 farm bill has given way to concern in part because of the ongoing debate over funding sources for funding sources for technical assistance. It appears that interpretation of the provisions of the new farm law and recent language added to the omnibus appropriations measure will erode program resources as well as the confidence and support of our members.

For example the EQIP program was initially authorized at \$700 million, which was then reduced to \$695 million as a result of appropriations actions. It now stands as a \$588 million program as a result of the interpretation that requires EQIP to contribute toward the technical assistance requirements of the Conservation Reserve Program and the Wetland Reserve Program.

Some of our members have also been informed that while land planted anytime in the past to a multi-year grass or legume would meet the cropping eligibility for enrollment in CRP, the eligibility now only applies to lands planted to a multi-year grass or legume after 1996. Is highly erodible land in 1995 less valuable to protect than highly erodible land in 1997? These are rules cooked up by pencil pushers with green eyeshades not by those who are concerned about the good conservation stewardship of our land.

We also understand that the 2002 farm bill was drafted and passed by the Congress during a time of budget surplus while it is being implemented during a time of budget deficits. Clearly there are increasing pressures to restrain domestic spending, but the farm law was written in compliance with the Budget Resolution in effect at that time. Therefore, the programs authorized in the farm bill and signed into law by the President just over a year ago should be implemented as authorized.

Each of our organizations, along with the American Farm Bureau Federation and the National Farmers Union, have corresponded with Congress indicating our strong opposition to any effort to amend, alter or siphon off funding from the Farm Security and Rural Investment Act of 2002. Our groups will again communicate our oppositions to amendments, which alter the balance of funding for price support, conservation, and nutrition, risk management and export promotion. I have a copy of our letter that I ask be included in the record.

We are aware of the legislation you have introduced, Mr. Chairman, to address the problem of technical assistance funding, and wish to express our support for your recent efforts to ensure that each of the 2002 farm bill conservation programs funded by the Commodity Credit Corporation pay for their own technical assistance (TA) costs. We do not support the use of funds from one set of farm bill conservation programs to pay for the TA of other farm bill conservation programs.

Under current law, as being implemented by the administration in this fiscal year, the TA costs of the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP) will be paid from CCC funds made available for the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP), the Farmland Protection Program (FPP), and the Grassland Reserves Program (GRP). In the case of EQIP in fiscal year 2003, this will result in the withdrawal of approximately \$107 million. GRP, FPP and WHIP lose a comparable relative share of the total funds needed to pay for CRP and WRP TA.

We are deeply concerned about this situation and very much would like to see it corrected in this fiscal year in a manner that results in no harm to the 2002 farm bill provisions that have been supported and embraced by the agricultural community.

In closing, Mr. Chairman, we would like to emphasize several principles that we feel are important to keep in our collective minds as we move forward on farm bill implementation.

First, we believe each conservation program should pay its own technical assistance and that the provisions embodied in the legislation you have introduced provide positive guidance toward achieving this objective. However, we sincerely hope that an administrative solution can be found based on your direction.

Second, we will actively oppose any attempt to amend, alter, or divert funding away from farm bill programs as authorized by Congress and signed into law by the President just over a year ago. Farmers need a consistent, predictable long-term policy in order to make sound investment, cropping and marketing decisions and to compete in a world market replete with subsidies, tariffs and non-tariff barriers.

We appreciate this opportunity to present our views and we are happy to respond to any questions you may have.

